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West Europe Report



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14 AUGUST 1986

WEST EUROPE REPORT

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JORGENSEN, PETERSEN: SECURITY POLICY MAY BLOCK COOPERATION

Copenhagen BERLINGSKE SONDAG in Danish 1 Jun 86 p 16

[Interview with Social Democratic Party chairman Anker Jorgensen and Socialist People's Party chairman Gert Petersen by Carl Otto Brix; date and place not given; first paragraph is BERLINGSKE SONDAG introduction]

[Text] Political leaders Anker Jorgensen (Social Democrat) and Gert Petersen (Socialist People's Party [SF]) talk about the things that unite and divide the two parties that are now presenting themselves as an alternative to the nonsocialist government.

[Question] Aside from a possible lack of voter support, what is the biggest obstacle to an SDP-SF government?

[Anker Jorgensen] I prefer to look at the possibilities that exist instead of the obstacles or difficulties. I think the possibilities are greater than the obstacles. But we must be sure that all the things we want to do--the good things that cost money--are paid for. Things must be done in context so we don't run into problems. But I am inclined to think that the problems are still not too great to solve. The other area of difficulty is security policy and there we must say that the defense system is the right size. A new defense compromise would probably set roughly the same economic limits. The fact that changes might be made in a number of areas so that we get more for our money is quite a different matter. But that could well be a problem. On the other hand, SF has shifted ground. The party seems willing to come to terms with NATO and abandon the idea of a popular referendum on EC. I think that is a good sign. But I don't think they deserve any praise for this. They have used these things to belabor the Social Democrats with--should they be praised because they stop doing so? No, there is nothing reasonable about that. The important thing is that they are becoming sensible and who knows? Perhaps that will provide a basis for cooperation.

[Gert Petersen] The biggest obstacle is definitely security policy. Of course there are hurdles in the economic and social areas, but I think we can handle those relatively easily, with the emphasis on "relatively."

NATO

[Question] In the area of security policy, the two parties have come closer to each other, but the Social Democrats still support NATO. Will that change?

[Jorgensen] No, I don't think so. We have always said yes to NATO and supported a policy of fulfilling all our requirements, but we have also stressed that NATO and Denmark should quietly seek out all possibilities that might lead to detente. To mention the stigmatized term "nuclear arms," our position is to reject nuclear arms on Danish soil, a position that we have held all along but one that has simply been expanded to meet modern requirements. There is scarcely any reason to make changes here.

[Petersen] The big obstacle is not that the Social Democrats support NATO while we would prefer a nonaligned Denmark. The big obstacle consists of the intensity with which they support NATO. In other words the line about maintaining the close cooperation and the nuclear strategy, the reinforcement policy and military integration--that they will not ease up on these points at all. That is where the problem lies. It is possible that as the discussion continues--also among themselves--the Social Democrats will relax on this and that would make things easier. But we have not issued an ultimatum that the SDP must demand Denmark's withdrawal from NATO.

[Question] Must the Social Democrats stop arranging defense compromises with the nonsocialist parties?

[Jorgensen] The best thing is to have broad support for the defense system, but not on the Conservatives' terms. I honestly believe the SF people want to be able to stay uncommitted on this so that they can keep on hammering away at us--even if they do so a little more quietly.

[Petersen] It is hard to imagine a government that arranges compromises--or, to be more exact, it is impossible to imagine a government in which one party arranges a defense compromise that the other party does not go along with. So the situation will probably be that for a period of time, defense agreements are reached, but no big compromises, thus making it possible in a few years to bring about agreement between the Social Democrats and SF concerning a defense structure that will mean the start of a process of arms reduction.

EC

[Question] If SF is part of a coalition government, can the party continue to work for Denmark's withdrawal from EC?

[Jorgensen] If they join the government, it must be on the basis of a real acceptance of the fact that Denmark is a member and they cannot demand withdrawal as long as the government is in power. Not even as a party--party and government must be in agreement. SF's change in attitude probably also has something to do with the fact that there has been a popular referendum

on the matter. Regardless of what one thinks of the referendum, it did indicate support for EC, so not much would be gained from having a referendum on withdrawal.

[Petersen] Yes, I think so. It is clear that we cannot do this through the government, but we can do it through party agitation. We would be part of a government in capitalistic Denmark and we will agitate for the abolition of capitalistic Denmark to make room for a socialist country. And in the same way we will work to create majority support for a free military status for Denmark. One might have to have one policy as a member of the government and another as a party. Any party that takes itself seriously has its fundamental long-range goals--while at the same time it must also deal with daily problems--the practical political problems we have here and now. At the same time the party has long-range goals that it must try to win majority support for among the voters but for which there is no majority support in the given situation.

[Question] The Social Democrats have just agreed to a tax compromise with the government and the Radical Liberals. Will it have to break that agreement in order to pursue a joint SDP-SF economic policy?

[Jorgensen] No, the agreement will not be broken. The proportions in the whole compromise must be maintained. One cannot say what the tax percentage will be in 1987, 1988 or 1990, but the proportions of the compromise must be maintained for a number of years.

[Petersen] That is by and large what Knud Heinesen proposed at a discussion meeting in Amager that I attended. He urged us to go along--and then we could tighten things up when we win a majority. But it is not customary to change a compromise from one day to the next and therefore we must probably accept the fact that the tax compromise will remain in existence for several years--although no time limit has been set. In other words we must provide funds for social redistribution from some other tax source and not from income taxes. This is a situation we deplore. The Social Democrats have not made things easier for us.

Labor Market

[Question] The Social Democrats feel a tight income policy is necessary to deal with the Danish economy. Will an SDP-SF government be forced to keep out of labor market wage negotiations and wage conditions?

[Jorgensen] The Social Democrats think, as we have done all along in this extended crisis period, that there is still a need for an income policy. That is precisely what it must be, an income policy. It should not be a wage dictation policy and it must be implemented through cooperation with the labor market factions. Wages are just as important as other economic factors. We want to combine these factors and then, when and if it becomes necessary, we will include them in wages. Doing so is not exactly a sacred principle. But neither is refraining from action. There will undoubtedly

be a need for some kind of income policy. This could take the form of recommendations or agreements. I cannot say in advance. But we are in favor of income policy.

[Petersen] I think this is an area where we might well reach agreement. We do not deny that one should regard the national economy as a whole, whether we are talking about profits or wages or rents. But the important thing for us is the consent of the union movement and its members. This has to be voluntary. A government we are part of will not dictate to the union movement and its members. If they reject something as SDP-SF government comes up with, we must renegotiate and present other plans that are better and capable of winning their approval.

[Question] Will economic democracy and job democracy be the basis of an SDP-SF government?

[Jorgensen] If there is majority support for SDP and SF--which we cannot automatically assume in advance--then there will be a good chance of implementing economic democracy. Job democracy is just a new term for what we have said hundreds of times and carried out--although perhaps not enough. It is co-determination, it is joint influence--and now joint ownership rights as well.

[Petersen] I think it must be. But there are hurdles in this area, because we are making a quite categorical demand that economic democracy be real democracy. In other words, members of county and national fund committees must be elected from the floor, by the members--and not through trade union organs. That is a demand. But I also think it is something the people want. We are not demanding the introduction of job democracy with full veto rights on all matters, but we want workers to have decisive influence over safety and environmental issues that affect their own places of employment. And I think the Social Democrats will have a very hard time rejecting this. Also because a proposal concerning economic democracy will probably be subject to a popular referendum and that cannot be won on the basis of a little restructuring. People are not interested in that. Something must be involved that affects their own situation.

Cabinet Posts

[Question] Which cabinet posts would SF be unable to fill in a joint SDP-SF government?

[Jorgensen] I do not think one should make decisions or speculate in any way about this kind of thing. We must make sure that we get the majority we want. And when I say we want it, it is because what I consider the government's very deliberate policy of excluding the Social Democrats has actually polarized political developments in Denmark and fettered the Radical Liberals. Therefore we are forced to operate with another majority. That is probably the only way to end the polarization.

[Petersen] If we get to the point where it is possible to form such a government, no cabinet post would be taboo. On the contrary, we must say that--all depending on the distribution of strength--it is vital for SF to get some of the important cabinet posts too. We will not be put off with the Ministry of Church Affairs. Some key posts must also be included.

[Question] What cooperation possibilities would have to be given up for an SDP-SF government?

[Jorgensen] All possibilities for cooperation should be looked into, including those with other parties. It is not a Social Democratic policy to adopt the same narrow view as the conservative government, which in reality cooperates with us only when they discover that there is a majority against them.

[Petersen] Our demand for the labor majority is that it be self-sufficient if necessary so that it is not forced to have to depend on nonsocialist parties in big economic and security policy situations. They must not have an opportunity to veto a labor majority. With that starting point in mind, we would also welcome cooperation with both the Radicals and the Christian People's Party. We think decisions are more solid if they have as broad a base as possible.

[Question] How do the two political leaders get along with each other?

[Jorgensen] Jorgensen gets along very well with one Petersen or another, actually. We will not create the polarization that the present prime minister represents.

[Petersen] I think we get along quite well with each other. I have a lot of respect for Anker Jorgensen's contributions in the area of security policy in recent years. I want to emphasize that it is wrong when people say that this is something that began when he became part of the opposition. It began during his last years as prime minister.

[Question] What position would you yourself have in a government?

[Jorgensen] I am fairly sure that I would be prime minister.

[Petersen] I would rather be leader of the Folketing group, if I had to be anything. I do not think I am cut out for a cabinet post. But if one is assigned a task, one must perform it. Which one? That's all I intend to say.

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JORGENSEN DEPARTURE AS SDP CHAIRMAN INCREASINGLY DISCUSSED

Auken, Bjerregaard Assuming Duties

Copenhagen BORSENS NYHEDSMAGASIN in Danish 2 Jun 86 p 17

[Article by John Wagner: "Party Comrades Discuss Anker Jorgensen's Departure"; first paragraph is BORSENS NYHEDSMAGASIN introduction]

[Text] Former Prime Minister Anker Jorgensen has increasingly turned the work over to Svend Auken and Ritt Bjerregaard.

Will former Prime Minister Anker Jorgensen turn over the chairmanship of the Social Democratic Party to former Labor Minister Svend Auken at the party's annual meeting in Albrg on 6-7 September?

The question was discussed by Social Democratic members of Folketing prior to the conclusion of the current session of Folketing on Friday.

Ever since the popular referendum was held on the "EC package" at the end of February, Anker Jorgensen has increasingly turned over the tasks requiring political initiative to Svend Auken who holds the dual posts of party deputy chairman and political spokesman.

In a similar fashion, former Education and Social Affairs Minister Ritt Bjerregaard, who is deputy chairman of the Folketing group, has taken over the leadership of the group.

Sources in the SDP Folketing group were unanimous in telling BORSENS NYHEDSMAGASIN that they had never before seen such a "passive" Anker Jorgensen and that his passivity can only be due to careful consideration of whether the time is ripe to turn over the chairmanship and thus the candidacy for the prime minister post to younger forces.

Anker Jorgensen's decision seems to depend on whether or not Prime Minister Poul Schluter is planning to hold a Folketing election before the start of contract renewal negotiations in the spring of 1987. To the extent that the party leaders hope or fear (depending on their temperament) by August that the prime minister is prepared to call an election, Anker Jorgensen is

expected to continue. But if there are sure signs that the four-party government will keep going with the support of the Radical Liberals until the end of 1987, many people think there will be a change in leadership at the annual meeting.

Since the government change in 1982, when Anker Jorgensen relinquished government power to Poul Schluter, it has been rumored at regular intervals that there would be a change in SDP leadership. And many "crown princes" have been mentioned. In addition to Svend Auken there is Ritt Bjerregaard, Folketing president and former Finance Minister Svend Jakobsen, former Tax Minister Mogens Lykketoft and most recently, departing Federation of Trade Unions [LO] chief economist Poul Nyrup Rasmussen, who is currently on his way to a job as director of the Workers' Cost-of-Living Fund.

It is a widespread view in the Folketing group that Svend Auken is the leading favorite if the leadership change occurs in September. He is undeniably the candidate who is most popular in the party, especially as a result of his effort to reunite forces in the party and the union movement. The so-called "maintenance allowance scandal" is not much of a handicap in the internal decision-making process. On the other hand the Folketing group's confidence in Svend Auken was shaken before the nonbinding referendum on the EC package when the formerly active EC opponent adopted a clear "yes/if--no/unless" attitude.

Compromise Candidate

Ritt Bjerregaard with her often provocative views is thought to have fallen out with far too many party comrades--especially in the LO unions, where confidence in Ritt Bjerregaard's intentions and ability as leader of "the movement" is at a very low point.

Svend Jakobsen is still the epitome of a compromise--he has never become involved in exhausting fights, either internally or with political opponents, but he has little ability to "sell" the Social Democrats. If the party is in a parliamentary situation where it must try to gain access to the Radical Liberals, the SDP right wing might succeed in presenting Svend Jakobsen as the "wild card" who can guarantee the party new influence.

Mogens Lykketoft and Poul Nyrup Rasmussen are "dark horses"--and at the moment nothing more.

And Anker Jorgensen is party chairman--until further notice.

Jorgensen: Will Retire 'Sometime'

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jun 86 p 2

[Text] The chairman of the Social Democratic Party, former Prime Minister Anker Jorgensen, did not care much for the Gallup poll that BERLINGSKE TIDENDE published yesterday.

It showed that 44 percent of the voters said yes when asked if it would be a good thing for the Social Democratic Party if Anker Jorgensen resigned in favor of a new chairman in the relatively near future.

"I would say yes to that question myself," said Anker Jorgensen. "For what is the 'relatively' near future? I am not a young man (I will be 64 next month) and naturally the party must elect a new chairman at some point."

However Anker Jorgensen did not say that he was planning to retire right away.

In contrast to the first question, Anker Jorgensen was satisfied with the second one, which concerned his successor. And he was also pleased with BERLINGSKE TIDENDE's interpretation of the answers, which indicated that the party's deputy chairman, former Labor Minister Svend Auken, is the favorite candidate for the chairmanship.

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PAPER COMMENTS ON PRAVDA ARTICLE PRAISING 'DEFENSIVE DEFENSE'

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jul 86 p 8

[Editorial: "PRAVDA's Praise"]

[Text] PRAVDA has sent roses to Denmark. It is always nice to get roses, especially when they come from a source that sometimes expresses chilly disapproval. But the roses come in a bouquet that is intended for the so-called security policy majority. That immediately makes the roses seem a little smaller and the praise more limited and dubious.

The reason why the roses were sent can be sought in the security policy line set by the majority, a line that--in PRAVDA's view--will lead Denmark to refuse to allow nuclear weapons on Danish soil even in times of crisis.

While the government line is characterized by standing close to Washington, the majority is more in line with Moscow.

It is praiseworthy from PRAVDA's point of view that the majority has found the true course. But perhaps the majority would have preferred not to get the roses. For the roses have become a partisan offering and the thorns on the stems must feel quite scratchy even to the hands of the Social Democrats, who usually like to carry red roses in their arms.

But PRAVDA ought to know that if the Soviet Union removed its nuclear weapons from areas close to us, even if it only did so in peacetime, the entire population of Denmark would send a whole bouquet of roses in an act of quiet harmony on the part of minority and majority alike.

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CSO: 3613/167

COMMUNIST PAPER REPORTS RESEARCHER'S CRITICISM OF EUREKA

Helsinki KANSAN UUTISSET in Finnish 2 Jul 86 p 3

[Article: "Eureka Forgets Detente"]

[Text] The industrial sectors can be satisfied: Eureka is progressing at a rapid pace in Finland. Finland is participating in seven projects. But at what price?

Special investigator Jyrki Kakonen wondered how we can prevent high tech from being used for military purposes. And why was the possibility of detente forgotten in connection with Eureka?

"Eureka would have been a venture that would have furthered detente if East and West had jointly participated in the venture. Now the CEMA countries too have their own high-tech cooperation agency. This may over a long period of time separate the East and West Blocs more than before," Kakonen, of the Peace and Conflict Research Institute in Tampere, asserted.

The Soviet Union and Hungary, among others, have expressed their willingness to cooperate in the Eureka venture, but the Western countries have excluded the socialist countries from the venture. The Western European character of the undertaking was emphasized throughout the period during which Eureka was founded. In addition to Finland, the EC countries, Sweden, Norway, Austria, Switzerland and Turkey as well as the Economic Community Commission are at present participating in the Eureka venture.

"If detente were included in Eureka, participating in Eureka would be closely consistent with Finland's foreign policy line," Kakonen asserted.

The Eureka venture came into being on France's initiative as an alternative to the U.S. Star Wars study. In Europe they want to hammer a wedge into U.S. and Japanese progress in the field of high tech.

Kakonen said that this is true. Europe is on the way to becoming a peripheral area economically speaking and, to preserve its status, Europe needs cooperation.

"Cooperation in technology should, however, include all the European countries. Western Europe needs the technology of the socialist countries just as much as, vice versa, they need information on developments in the rest of Europe in the socialist countries," Kakonen emphasized, and went on to say that the present isolation of the West as in the case of Eureka is giving rise to suspicions among its own members as to the military character of the venture.

Impossible to Limit It

In Finland we are assured of the civilian nature of the Eureka venture. Among others, Foreign Trade Minister Jeremi Laine (Social Democrat) has assured us that Finnish firms do not participate in projects involving military technology. Trade and Industry Minister Seppo Lindblom (Social Democrat) most recently on Monday stressed its trade policy aspects in the speech he gave at the third Eureka conference held in London.

"We in Finland do not want to speak of Eureka's connections with military technology. Our capitalists regard the economic aspect and economic links with the West as being of primary importance because high tech is the essence of economic growth. We prefer to remain silent on military or political issues," Kakonen said.

Kakonen is of the opinion that it is impossible for us to draw a line between technologies intended for military production, on the one hand, and civilian, on the other, in the field of high tech. We can limit things such that a particular Finnish firm does not participate in a military project, but that does not eliminate Eureka-venture connections with, for example, the Star Wars project.

"Companies expert in high tech are rare in Europe. The Federal Republic of Germany, for example, has granted its companies permission to participate in the Star Wars project. How can they see to it that the same companies do not participate in both ventures?" Kakonen asks.

11,466

CSO: 3617/141

MINORITY CP ORGAN CLAIMS SUCCESS FOR 'DEMOCRATIC ALTERNATIVE'

Helsinki TIEDONANTAJA in Finnish 4 Jul 86 p 2

[Editorial: "Through Social Subscription"]

[Text] A new political organization, which within about a month's time, at the best time, in early summer, has almost in the spirit of a warm-up exercise collected the 27,000 names required of an organization to get on the party election rolls, has come into being through a so-called social subscription.

In principle only 5,000 names are required to register and the generation of some sort of mass movement centered about this issue was not foremost in the minds of the organizers of the name collection. This name collection just happened.

This social subscription tells us too that a very considerable number of those who have joined the Democratic Alternative did not belong to any political organization before. Their desire for political action was perhaps there, but the old parties and political groupings were felt to be repugnant. They were waiting for an alternative.

It will be particularly important for us to bear this in mind in the future. The Democratic Alternative must really be developed in a manner consistent with its name. Those that have joined it who have had greater experience with political organizations must now, if ever, be capable of listening to, discussing things with and making decisions on an equal basis with those people as well for whom the normal forms of party action and — perhaps healthily so too — language are more unfamiliar and strange. All of them are learners in the process that lies ahead.

So the legal arrangements for Democratic Alternative have been handled through the efforts of its founders and supporters. No later than now does the political effort itself begin. This means that the organization's election platform will have to be drafted with people's help and that they will have to get ready for this fall's political contests, particularly the battle of the budget. Those members of Parliament who have thrown their support to Democratic Alternative will hold their summer meeting in August and it is hoped that initiatives and ideas will be proposed during it to wage the battle of the budget as successfully and conspicuously as possible.

The child has been born, but among the many well-wishers are also concealed opponents who conjure up as miserable as possible a life for it. At least until next March, Democratic Alternative will be accompanied by bitter criticism in which only a disastrous future for it will be prophesied. What an alternative it would be if things were different.

Therefore, the effort must be concentrated on those people and those social movements that are decisive from the standpoint of developing Democratic Alternative. With them, and with them alone, will they also forge the keys to an election victory.

11,466

CSO: 3617/141

INDIVIDUALS ADVISING, INFLUENCING MITSOTAKIS IDENTIFIED

Athens EMBISTEVTIKO GRAMMA in Greek 25 Jun 86 p 5

[Text] Who are those who advise and influence [ND leader] Mitsotakis? Let us start from the beginning.

On becoming ND's leader, Mitsotakis appointed as his advisor N. Linardatos, a close collaborator of his in the Liberal Party. For a while he was his major advisor until (just before the elections) the star of journalist Th. Kassimis (who had as a political ally Dora Bakogianni) began to rise.

Linardatos, Kassimis and Stefanos Manos competed (during the elections) for the influence on Mitsotakis while the influence of the Mitsotakis family environment increased also.

Just before the elections, another person, Pavlos Bakogiannis (who left the [weekly] ENA), joined the scenario. He had created a "front" between Th. Kassimis against (the constantly weakening) St. Manos (and this was the reason for the last black and white Mitsotakis poster which prevailed despite St. Manos' strong objection).

Following the elections, Linardatos was sidetracked and Th. Kassimis and P. Bakogiannis remained as the two main Mitsotakis advisors. Moreover, the former was "approved" by the continually strengthened "Mitsotakis family environment" (to which the ND leader leaned more and more because he felt insecure) and, thus, Kassimis maintained his power of influence.

But Kassimis' dispute with Bakogiannis proved damaging and his fall was rapid. Now, for those who know what goes on at Rigillis Street [ND headquarters], the impression is apparent that Pavlos Bakogiannis is already the "autocrat" (whom everyone must see first before approaching "the leader").

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CSO: 3521/186

PASOK'S IDEOLOGICAL STRATEGY DESCRIBED

Athens EMBISTEVTIKO GRAMMA in Greek 25 Jun 86 pp 13-14

[Text] The Greek bourgeois-liberal political camp--as many foreign specialists say--pays no attention to the ideological problems of our time. As a result, this camp is incapable of ideologically justifying its existence and function, while in the left domain ideological questions play a decisive role.

To the extent the overall conditions existing in the Greek political and cultural area assist the leftist ideological models, an oversimplified Marxist-oriented culture will increasingly gain ground in Greece, although such a culture is in itself an element of retrogression on all levels of economic, political and social life.

From this point of view, it is worth noting the ideological strategy implemented by PASOK, as such strategy is described in an article by G. Papadatos, who is in charge of propaganda for the "Movement", in the magazine SOCIALIST THEORY AND PRACTICE (Issue 2/86). He writes in PASOK's ideological magazine in part:

"The experience gained from the 5-year governing of the country by PASOK requires an objective assessment, so that a new push can be given to the 'Change'. The realization of social changes depends on the existence of appropriate objective conditions. Such conditions do exist today in Greece. The problem is for those objective conditions to create corresponding subjective attitudes for the socialist transformation.

"The effective action of the political subject of Change is directly connected to the possibility of intervention in the social processes. Intervention in these processes is a dynamic, self-reinforced relationship which must avoid existing historical dangers..."

In this context, G. Papadatos asks himself: "But how can one conquer the ideological hegemony over the Greek society--a hegemony which will give a different character in the exercise of power?"

He adds: "By not having ideological hegemony in relation to prevailing bourgeois values, PASOK's efforts to bring about socialist changes do not go very far. The idea of cooperation and collectivity cannot be implemented successfully in a farm cooperative when the individualist view remains the prevailing form of life. Only the existence of ideological hegemony can create a real organization for power.

"The meaning of ideological hegemony does not refer exclusively to moves which emanate from instruments of the superstructure, i.e., mass media, schools, etc., but it runs through the entire social structure from the university to the factory. The ideological hegemony can functionally unite the grass roots and leadership without the forceful character of the mechanisms of power and authority. Ideological hegemony uses all printed and oral means of communication, but it does not limit itself only to them.

"PASOK needs to develop a policy with strategic content in all ideological mechanisms of the state and society, and to focus its strategy on a specific policy for television, newspapers, theater, and the movies, as well as for universities and schools--the areas where people work and play.

"Ideological hegemony relates to PASOK's objective ability to lead, with its consent, the front of social forces of change to socialism. Hegemony, to be effective, requires mechanisms for continuous recharging through interchange between the rank and file and leadership and between the masses and the leading vanguard.

"Ideological intervention is powerfully connected to achieving consensus from the great majority of the suppressed classes and strata of Greek society for the desired face of socialism.

"Therefore, it is necessary to have a strategic alignment on the part of the parties of the Left, which advocate socialism. For this reason, the dialogue proposed by PASOK to the parties of the Left is particularly significant (decisive). A genuine dialogue will benefit the prospects of socialism without hurting any of the parties. The dialogue must deal predominantly with the questions of transition and development of a plan for the transition to socialism."

A transition plan is not limited to long-term strategic goals but outlines in great detail the processes to be followed and defines in advance the necessary steps to be taken as the processes develop for achieving the goals. The goals and processes are not a secret possession of the party but are made known to all the social forces of change.

We are of the opinion that a specific plan for the transition [to socialism]--which mainly defines the motions and processes that must be achieved, less the specific actions--will become a unique and indispensable theoretical instrument for social change.

This transition plan must focus mainly on medium-term goals which in terms of time should be considered to reach the year 2000.

To formulate [this plan] there must be an open dialogue with the parties of the Left and the people; [there must be] publicity of the dialogue and a press campaign in the newspapers concerning the "face" of Greece in the year 2000. This plan will serve as a strategic consensus for social forces which want to have a socialist change in Greece...

As we were told, an article such as this should have aroused the bourgeois-liberal camp which in the economic sector is now...discovering social democracy. The cultural sector believes the ideological confrontation does not go beyond questioning A. Papandreou's vacation in Elounda!

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KKE ATTACK ON KKE-INT. DISCUSSED

Athens TA NEA in Greek 19 Jun 86 p 6

[Article by Pandelis Kapsis: "Attacks From Both Sides"]

[Text] It is probably the first time since the downfall of the junta that developments in the area of the Left and especially the possibility of cooperation between KKE and KKE-Int. in the forthcoming municipal elections are in the center of political interest.

The reasons must be obvious. The attitude of the Left will effect, and in many cases determine, the very outcome of the election. This means that events are projecting the Left as a key factor in future political developments.

Thus, the almost certain refusal of KKE-Int. to cooperate with KKE in the Athens municipality caused several reactions and comments in the newspapers in the last few days.

In a front-page editorial yesterday, RIZOSPASTIS launched a new, and, this time, intensive campaign for united action, charging the "leadership of KKE-Int." with being the "sole false note" in the "strong wind of cooperation in the forthcoming municipal elections," which wind blows these days and finds a positive response among all leftist progressive forces.

The article contains a personal attack on Leonidas Kyrkos, the secretary general of KKE-Int. for his "axiomatic" and "devoid-of-arguments" position in which he argues that cooperation promotes polarization and vertical confrontations and leads to formation of an anti-PASOK bloc.

"Is there any other more effective way, besides cooperation, to deal with government candidates, especially in the major urban centers?"--wonders the writer of the editorial. And he continues: "What is it we want in the forthcoming municipal elections? Just to register the strength of each party of the Left or to claim the municipalities? Also, why is such a broad coalition of the leftist progressive forces anti-PASOK and why is not the effort of the government to elect its own candidate exceptionally anti-Left and frontal?"

On the other hand, mention is made of the intention of KKE-Int. to cooperate with KKE in Salonica, and the author asks the question: "Why a double standard? Why this selectivity? Is this the logic of bargaining? Or do the limits of leftist cooperation extend, as concerns KKE-Int., to that point which is tolerable by PASOK?"

The article also makes reference to comments L. Kyrkos made and says that what he said against cooperation is exactly the comment made in 1982 by KKE-Int. "when it supported election of the same government candidates--of Beis in Athens, Papaspyrou in Piraeus, and Manavis in Salonica."

In closing, the writer of the [RIZOSPASTIS] article emphasizes that cooperation is a move "designed to show that the municipalities are not a family affair of the two major parties. It wants to help a lot of people far beyond the limits of the Left and to find an effective way to express their opposition...to the government's policy."

The refusal of KKE-Int. is being commented upon by opposition papers--with comic results in some cases.

I VRADYNI, for example, in the main headline of the last page, claims that "Leonidas [Kyrkos] succeeded in bringing about the break up of the Left," without explaining whether, in its opinion, this is good or bad.

In the text, I VRADYNI writes that PASOK and KKE-Int. struck an agreement in 30 municipalities in exchange for a "gratuity" given KKE-Int. in 7 or 8 municipalities where its candidates would be supported by PASOK as well.

ELEVTEROS TYPOS wrote an article yesterday along similar lines, saying that KKE-Int. is committing suicide because it rejects "the unity call of KKE" and instead supports PASOK.

"Today", it says, "we have two basic expectations from KKE-Int.: a consistent denunciation of pasok violations of human rights and a "contribution to clarification of the political situation."

In this way ELEVTEROS TYPOS achieved an international exclusive. It is the first newspaper of the Right claiming that the coalition of the communist Left serves the protection of human rights. To top it off, the article further notes that its comments are not inspired by any "partisan logic."

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POLL SHOWS YOUTH LESS POLITICALLY INVOLVED

Athens TAKHYDROMOS in Greek 12 Jun 86 pp 20-22

[Article by Ath. Kh. Papandropoulos: "Our Youth and Politics"]

[Text] However strange it may seem, the findings of a recent poll conducted by the National Center of Social Research [EKKE] indicate that only 10 to 12 percent of today's youth [in Greece] responded that they belonged to a political organization. Their participation is much greater in student organizations, athletic clubs, and trade union activities. The immediate problems for the young are first and foremost, unemployment, and then, defense, national security, and inflation...

As shown by previous polls conducted by the European Economic Community and also by the recent results in student elections, the Greek youth is leaning to the Left.

Yet, in the last few years, the young appear to move away from active politics and only 10 to 12 percent replied to a EKKE poll that they belonged to a political organization. Instead, for young men there is a satisfactory participation in student organizations and athletic clubs.

Moreover, participation of young men and women in party festivals is low, but it rises significantly for young men 20-24 years old in the case of political gatherings where it reaches an average of 25 percent. Also, in ages 15 to 19, the girls appear to be more political than the men, especially when it comes to their participation in youth or party festivals (22 percent).

But this percentage falls almost 10 times in the case of girls 20-24 years old. By contrast, as boys and girls grow older they increase their participation in trade union gatherings, which definitely results from some form of employment.

It must be noted, however, that in the eyes of the young politicians have lost their aura. For all ages, 30 percent believes the politicians seek self-promotion and satisfaction of personal ambition. Another 25 percent believes politicians are ordinary people who try to do their job well.

Finally, one in three believes that politicians are representatives of the people and fight for the people's interests.

Beyond that, the majority of the young see in a positive light the forceful claim of economic and political demands. In a percentage reaching 50, they believe public demonstrations to satisfy demands constitute a legitimate political right. Of course, at this point the pollsters might have asked to what extent the young will defend this right if it were forbidden.

The Problems

Beyond this political profile of Greek youth, the EKKE pollsters tried to identify the immediate problems they face. They reached the conclusion that for the young the major problem, regardless of sex or age, is unemployment (over 40 percent). Second, for both sexes and all ages comes the problem of national security and defense.

The third problem is the rise in the cost of living and inflation, but we do not know if our young men and women understand how to fight the rise in prices and the decline in the standard of living.

Also, 85 percent of the young appear to be satisfied with education and not seek any improvements. The low percentage is probably due to ignorance and to the view which is being cultivated, namely, that the less demanding the education...the better. Moreover, what kind of problem can our young have with education since in their overwhelming majority they do not study and are just about visitors at our universities?

Generally speaking, we can say our young show a well-developed democratic consciousness, agonize about their professional and employment chances, and somewhat move away from active politics. In part, this is certainly the result of the archaic and demagogic speeches by most political parties, that the active citizen wants to know, to participate, and to criticize.
[Sentence as provided in Greek]

TABLE 1

Name the Organization(s) You Belong To

	Age - Years			
	15 - 19		20 - 24	
	N = 100 men	N = 48 women	N = 54 men	N = 45 girls
Labor union, farm cooperative	2.0	4.2	11.1	17.8
Professional association, club	2.0	2.1	16.7	15.6
Student club	10.9	16.7	31.5	53.3
Women's club	--	4.2	--	4.4
Youth organization (scouts)	4.9	6.2	1.8	--
Local club	4.0	8.3	9.2	11.1
Political organization	10.9	12.5	11.1	11.1
Scientific association	1.0	--	1.8	--
Religious, church organization	4.9	6.2	--	2.2
Athletic club	63.4	29.2	36.9	4.4
Nature, climbing club, cultural club	9.9	20.8	13.0	11.1

TABLE 2

Do You Participate In:

Political gatherings	12.6	12.5	32.5	22.2
Trade union gatherings	9.6	11.3	26.5	17.4
Youth, party festivals	17.1	22.0	6.0	2.8

TABLE 3

What is Your Opinion About Politicians in General?

	15 - 19		20 - 24	
	N = 356 men	N = 328 women	N = 117 men	N = 144 women
They represent the people and fight for their interests	33.0	28.4	27.6	29.2
They seek self-promotion and satisfaction of their personal ambitions	23.9	33.2	32.8	33.3
They are mediocrities trying to reach the star	4.2	5.2	5.2	6.2
They are ordinary people who are trying to do their job well	28.2	28.0	23.3	22.2
They are corrupt	3.7	3.1	6.0	4.2
I have no opinion--I do not care	5.6	2.1	3.4	2.8
Other	1.4	--	1.7	2.1
Total	100.0	100.0	100.0	100.0

TABLE 4

What is Your Opinion About Open-
Air Gatherings and Political Marches?

	15 - 19		20 - 24	
	N = 356	N = 328	N = 117	N = 144
	men	women	men	women
I do not care	33.2	27.0	18.8	14.7
They should be banned	2.3	1.2	0.8	0.7
I am displeased because they take place so often	2.8	1.8	0.9	2.0
They are a legitimate right of citizens	41.7	50.0	49.6	51.0
They are an essential form of struggle	21.7	20.0	29.9	31.5
Total	100.0	100.0	100.0	100.0

TABLE 5

What Are the Problems of Your Generation?
Do You Believe They are Unsolved?

Unemployment, economic problems	49.7	40.2	59.8	66.0
Generation gap	11.5	24.1	2.6	9.7
Education; improvement in education	14.9	15.2	14.5	9.7
Entertainment, recreation	7.0	5.2	1.7	--
Drugs	3.9	5.8	2.6	6.3
Other*	11.4	6.6	17.3	6.3
No answer	1.6	2.9	1.5	2.0
Total	100.0	100.0	100.0	100.0

*Lack of infrastructure for athletic activities, problems of interpersonal relations and communications, goals in life, problems of existence, wrong upbringing, etc.

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STATUS OF SOUTH TIROLEAN ETHNIC POLICIES, GROUPS

Vienna PROFIL in German 20, 26 May 86

[Article by Otmar Lahodynsky: "Agitators in Season"; first paragraph of each installment is PROFIL introduction]

[20 May 86, pp 60-62]

[Text] The first high-voltage transmission towers blew up 25 years ago; now the dynamiters are at it again.

Helpless, Giovanni Condotta is standing in front of his wrecked offices. As stationmaster for 18 years, he has dispatched trains at the small railroad station of Postal, a pretty village near Merano. Pointing to a bent metal box, he says that new electric change points had been installed only a few months ago. Carabinieri and explosive experts are rummaging in the wreckage. The wall to the waiting room just collapsed as a result of the explosion. "Protect the Alpine Flowers of South Tirol," reads a torn poster.

Outside, the culprits have smeared the walls with slogans. "Away From Rome" it says on the door of the WC below the bilingual sign "Gabinetti--Aborte" [WCs]. Next to it, the alternate deputy of the provincial diet, Alexander Langer, is mocked as a "dirty dago." And at the station bar one can see the unambiguous slogan "Dagos Out!"

The bomb exploded shortly before 3 am Friday before last on the ground floor of the railroad station. On the second floor, it flung the Condotta family out of bed. No one was injured.

A Postal innkeeper is also profoundly shocked. In mid-April, the local post office had been the target of an overnight bomb attack. "Who benefits from such a thing?" he asks plaintively. "If the tourists don't come any more, we may as well close down here." Thus it was not good for business when, more than a year ago now two infantry captains were blown up while handling an explosive in the neighboring village of Lana.

The South Tirolean daily DOLOMITEN warns against premature conclusions concerning the latest attack, saying: "It is too simple to state unhesitatingly that those who laid the bomb are South Tiroleans or German-speaking extremists just because disparaging slogans were sprayed on the wall in German and an anonymous phone caller spoke German."

Undeniable, on the other hand, is the growing tension and radicalization in the province between the Adige and the Isarco. Last month a few dozen infantrymen practiced rebellion at the 34th Provincial Congress of the South Tirolean People's Party (SVP) in the Kursalon in Merano. They shoved Silvius Magnago, provincial governor [Landeshauptmann] and SVP head, from the podium and by megaphone and in hastily unrolled banners demanded "self-determination for South Tirol." "Seventeen years of the package are enough," the rebels in their colorful infantry garb shouted in unison. "We do not want to wait until our children and grandchildren become Italianized."

"It is treason," shouted Magnago. "To infiltrate as keepers of law and order and then to cause unrest!" The rebellious men were subdued, two ringleaders (including the son of the late South Tirolean dynamiter Georg Klotz, Wolfram Klotz) were reduced in rank and banned from the infantry for several years.

The provincial commandant of the infantry, SVP Secretary Bruno Hosp, is especially unhappy about the protest action. "The delegates shouted 'out, out' when the infantrymen demanded self-determination for South Tirol," Hosp complained to PROFIL: "Actually, they should have applauded."

Nevertheless, the 136 South Tirol infantry companies are required by law to support "adherence to the traditional ancestral faith" and "maintenance of the Tirolean nature and the insuring of the existence of the German and Romansh ethnic group in the traditional homeland," as well as attending to target practice."

The 72-year-old governor Magnago appears to be benefiting from the dispute in his own ranks.

By pointing to radicalization among his compatriots, he can now demand in Rome that the pending agreements of the 1969 "South Tirol package" be fulfilled. What has remained unresolved above all so far is the promise of bilingual courts and police, and an autonomous financial administration.

"The populace is becoming more and more restive," Magnago concedes in conversation with PROFIL. "We have not been able to make any progress in Rome for 2 years." Last month he once again sought help from Austrian "protective power." The "package" and the autonomy statute, often referred to as the South Tirolean governor's "life's work," have increasingly split the ethnic groups in the past few years.

The Italians in South Tirol find themselves increasingly pushed against the wall by the measures insuring equal status and protection of the German-speaking population. "An opportunity has been missed," suspects the head of the South Tirolean Economic and Social Institute, Christoph Pan, "for after 1970 the Italians too were proud of the autonomy."

When ethnic quotas were introduced, with the ratio 65 to 29 in favor of the German-language population, the Italians lost many privileges. Thus more and more South Tiroleans now occupy civil service posts--which had long been an Italian domain. Since (except for the police and the military) the quotas are to be fully established among civil servants by 2003, young Italians at present do not have much of a chance to get hold of a vacant post.

As a result of observing ethnic quotas, a number of desirable jobs for which no German-language candidate applied have simply not been filled.

As for government-subsidized apartments, more Italians have gone empty-handed in the past few years because here too the German-language population proclaimed a need to catch up.

More Italian workers have also been affected by the crisis in the South Tirolean industry, particularly in the Bolzano factory zone which was established under Mussolini for the purpose of settling Italians.

When a few years ago major concerns such as the Lancia Works and the Bolzano steel and aluminum industry had to lay off workers for the first time, a number of SVP politicians applauded secretly. Nevertheless, the provincial government later decided to subsidize the suffering plants as part of a program to promote industry. "Psychologically that wasn't so easy," says Governor Magnago, "for 90 percent of the workers there are Italians."

Today many of the 123,000 Italians in South Tirol feel oppressed by the 280,000-person German majority. "The Italians were insufficiently prepared for autonomy," admits Luis Durnwalder, provincial councilor for agriculture. "Perhaps the SVP should not have left it to the Italians to provide the required information. Panic was spread on quite a number of occasions."

"The German ethnic group has just benefited more than we from autonomy," says Giancarlo Bolognini, Christian Democrat (DC) spokesman and also provincial councilor for protection of the environment. He blames "procrastination in Rome," but also "arrogance and superficiality of local authorities" for the growing gulf between the ethnic groups. So the former Bolzano mayor also sees "no point at all" in Magnago's calling for assistance from the government in Vienna.

The DC, which is in a government coalition with the dominant SVP, has particularly come to feel the disgruntlement of the voters who used to be loyal to it. At the municipal council elections a year ago, the neofascist MSI [Italian Social Movement] garnered up to 20 percent of the vote. In Bolzano, where most Italians live, the MSI is represented in the municipal council as the second strongest party. In Merano it obtained 5 of the 22 seats.

The MSI astutely exploited the fears of the Italian population. The neofascists want to do away with the quotas, the use of both Italians and Germans in public service, and the measures guarding against immigration from the south.

Pietro Mitolo, Bolzano, MSI leader and retired chemist, describes himself as a "postfascist." He says, "I am no neofascist, because I always supported Mussolini," and praises the "lasting values" of the Duce. For instance, he points out that today's Italian penal code originated during Mussolini's time.

According to him, the package gave the Germans too much and deprived the Italians of old privileges. "The Germans must at last integrate into the Italian state," demands Mitolo. "Surely they cannot hope for us to keep giving them money and rights and then return this region to Austria," he points out.

Mitolo claims that the SVP is pursuing irredentism. "It is thinking too much of Austria and too little of Italy. The South Tiroleans must become good Italian citizens at long last." The language of government offices should be exclusively Italian again, he declares; "after all, that is our state language, but the South Tiroleans want to speak only German."

His nationalist opponent in the provincial diet is high school teacher Eva Klotz, leader of a right-wing spin-off of the SVP called "Election Association of the Homeland League" [WHB]. "We are still forced to speak the language of the occupation force," complains Klotz, dressed in traditional Austrian country garb as is her wont. There is a threat of "gradually slipping into the Italian mentality," she says, as is evident from such things as poor building construction and bad tax ethics.

In accordance with the statutes of the WHB, all 4,000 members of the organization pledged to "strive for self-determination with exclusively legal means." South Tiroleans should get the chance to decide for themselves whether they want to continue belonging to Italy, according to Klotz' plan, and a second vote could then decide about the future of South Tirol.

If it should not be possible to join Austria, it simply would be necessary to establish a Free State of South-Tirol. "South-Tirol with a hyphen," emphasizes Klotz; "that will make it clear that we continue to be part of Tirol." A second Liechtenstein or Luxembourg should emerge between the Brenner Pass and Salorno, according to Klotz' dream of a Europe divided into regions. The Italian ethnic group would enjoy full protection as a minority. The fact that in the last census Italians in South Tirol dropped below 30 percent is assessed by Klotz as a mean trick: "Many Italians simply stated that they were German to make it easier for them to get a job."

According to official statistics, however, there are now 14,000 fewer Italians than there were in 1971.

Klotz thinks she sees traps everywhere. "Many Italian officials," complains this daughter of a sixties saboteur, "just do not want to speak German, despite the fact that they get paid the bilingual bonus." Officials knowing the language ought to wear arm bands "to make it easier to lodge a complaint if someone like that speaks only Italian," she says.

"The coexistence of the ethnic groups is characterized by a constant ethnic tug-of-war," says the head of the Alternative List for the Other South Tirol, Alexander Langer. "Any new concession," he says, "is obtained in line with the principle 'Good for one, bad for the other,' which has led the Italians to believe 'the more autonomy, the worse for us.'" Thus, "out of schadenfreude, the Italians would also applaud if the government in Rome rejects some social legislation that would benefit the South Tiroleans."

Langer, who like so many politicians in South Tirol is a teacher, warns against the increasing trend toward two parallel societies. "Unless we do more for coexistence," he says, "it can soon lead to tensions like those in Cyprus or Northern Ireland."

The SVP, which as a powerful umbrella organization holds 22 of the 35 provincial diet seats, has invariably hampered initiatives for cooperation between the ethnic groups. Thus an exchange of students between the strictly separated schools was forbidden. "The more we separate from one another, the better we understand one another," preached Provincial Councilor for Cultural Affairs Anton Zelger.

"No one can deprive us of the right to be concerned about maintaining our ethnic group," says Governor Magnago in defense of the SVP line. At least, since last year his speeches in the capacity of SVP chairman have also been printed in Italian. And a couple of weeks ago, he made himself available for the first time to call-in listeners on the Italian radio. "I just didn't want to be pushy," he says in explaining why he had held back for years.

Attempts at rapprochement by the Italians such as the proposal to introduce mixed schools "make us suspicious, of course," Magnago says, adding, "When we are strong enough, we will be the ones who seek to make contact."

[26 May, pp 44-45]

[Text] In accordance with Magnago's motto "To each his own," ethnic quotas divide schools, civil service posts and mountain huts.

The new Karl Wolf school center in the spa resort of Merano is constructed along strictly symmetrical lines. The Italian high schools are on the left, the German ones on the right. Everything is separated, from the entrances to the teachers to the bicycle parking places. Only the gym is used jointly, though at separate times. Two halls lead from the Italian and German buildings to the cloakroom. During recess, the German school principal has the door to the gym locked--to prevent Italian teenagers from straying in for a chat in the German-speaking section.

Marco Dal Bosco teaches Italian at the German gymnasium. His parents, Italians, had sent him to a German school in 1960. "At first it was hard," he recalls, "because I did not speak a word of German. I was often beaten up. But later I became very close friends with the sons of Italian-haters."

Mixed classes do not even exist today on an experimental basis. A few years ago, four students of the German Realgymnasium [gymnasium with emphasis on modern languages] were sent to an Italian class for language study. Soon the experiment was prohibited by the German school principal.

"The enormous opportunities of two cultures converging on one another here are not being taken advantage of," complains Dal Bosco; "every problem becomes an ethnic problem here." He says nationalism is stirred up on both sides from above, by politicians and media. The strict ethnic quotas for providing civil service jobs sometimes lead to strange attempts at camouflage. "A friend of mine, a dyed-in-the-wool Italian," recounts Dal Bosco with a smile, "stated during the census that he was German, because as an Italian physician he would never have obtained an appointment as department head."

"We reject any measure which artificially changes the composition of the ethnic groups," Governor Silvius Magnago told PROFIL: "we can't help it if the Italians now produce fewer children." The fact that the Italians are now calling for bilingual schools or kindergartens, he says, "makes us suspicious, of course. Such a thing is bound to lead to a mixed-language society in which the German ethnic group cannot survive."

Magnago says that he has long since noted an alienation from the "Austrian fatherland" among South Tirolean youth. When the neofascist MSI collects thousands of signatures opposing the hard-won ethnic quotas or against the bilingualism exams for civil servants, he says it signals a danger of "relapse to the darkest period of fascism."

Whenever some Italians accuse Magnago of apartheid politics, he really gets angry. Sebastiano Vassalli, for instance, in his book about South Tirol, (which he says is inhabited by nothing but narrow-minded Tiroleans and a staunch Italian minority), deplors "racial census taking as if the region were on another planet" (Footnote 1) ("Die Unsichtbaren" [The Invisible Ones], Drumlin Edition, Weingarten, 1986). And Italian Minister for Regional Affairs Carlo Vizzini has compared the province between the Adige and the Isarco to an "Indian reservation."

Magnago counters these charges by saying that "here no ethnic group is denied democratic rights, as is the case in South Africa." Racial separation, he states, exists only in the case of cattle. "It is just that, as a minority, we tend to shut ourselves off and to cultivate our own institutions in accordance with the motto 'To each his own.'"

Initiatives for doing things together have often been suppressed by the SVP. Thus, on the anniversary of the 70-year-old Saengerbund [Tirolean Choir], Italian cultural representatives were not even issued an invitation. And when events in the renovated Proesels Castle included some for Italian tourists in Italian, the editor-in-chief of DOLOMITEN, Josef Rampold, successfully attacked the creeping "Italianization" of Tirolean castles. And when a priest in Naturno delivered sermons in two languages, he became the target of the ire of those loyal to the homeland.

Until quite recently, South Tirolean provincial politicians had reservations about a project for a new railroad tunnel across the Brenner Pass, warning against the danger of construction workers migrating from southern Italy.

"The trauma of the time of the catacombs is still being felt by the older generation," says sociologist Christoph Pan, head of the South Tirol Economic and Social Institute. According to him, people still remember the era of fascism when even in the smallest village schools no language except Italian was allowed to be spoken and children would read German primers in secret under the priest's supervision.

"Not even our Christian-oriented parties are really talking with one another," complains Danilo Postal, provincial secretary of the DC. What he would like to see is "a new coexistence in an interethnic autonomy." At a public debate in Merano he said: "Our problems must also be those of the German group and vice

versa." It is only recently that a start was made with such bilingual rounds of talks with politicians. After the debate, the conversation generally continues in a pizzeria. Standard cliches are proffered. "In an apartment building," says someone, "there is no way of preventing tension when Italian families hang their laundry out of the window and party until late at night." Someone else stresses the ethnic difference by mentioning songbirds, "which we South Tiroleans adore as harbingers of spring, whereas the Italians consider them a delicacy."

The separation of the ethnic groups extends to virtually every aspect of life. There are separated kindergartens, schools, culture and sports clubs. Italians tell about separated sleeping halls in barracks and hospitals. The argument goes on even in the mountains, where the South Tirolean Alpine Club demands that the Italian Club Alpino return the mountain huts lost under fascism. Often there are two names for one and the same hut. The Refugio Petrarca is also called Stettiner Huette, and the Regensburger Huette is also called Refugio Firenze.

In the liberal SÜDTIROL ILLUSTRIERTE, the Romansh graphic artist criticized the "ethnically oriented blinker ideology which suspects enemies wherever people think, speak, pray, or yodel differently."

Most professional associations are also separate. Only the Association of Industrialists has to this day members from all three language groups, probably because it has more important problems to worry about than splitting into ethnic components. "Opposition to industry continues to be very deep-rooted in South Tirol," says the head of the association, Kurt Leitner, the proprietor of a cableway and ecological technology company in Vipiteno. Almost 60 percent of the South Tirolean industrial and handicraft enterprises depend on the construction trade, he says. After the construction boom of the seventies, many enterprises had to close. Foreign entrepreneurs, attracted in the past by tax exemption for a certain period as well as low wages, now come across the Brenner Pass only rarely to establish branches. Instead, Leitner points out, small industrial zones of enterprises not harmful to the environment were created in several valley regions "in order to stop the migration of farmers."

Big industry in the Bolzano area, along with its mostly Italian workers, has fared poorly in this crisis. Currently the FIAT subsidiary IVECO is hopeful of getting out of the red with new production of tanks and military trucks.

Would South Tirolean entrepreneurs rather locate in Austria? "The tax advantages here in Italy are no longer as great as they once were," says Leitner. "But of course we benefit from the EC. That business about a return to Austria surely is over and done with."

The reason why industrialists prefer to get together with representatives of the German Autonomous South Tirolean Trade Union League (ASGB) rather than with the three supraregional Italian unions is not only the fact that communists are active in the latter. "The Italians," explains Leitner, "simply have less understanding for our management-labor relationship and do go on strike much more often."

ASGB Secretary Hans Widmann is disturbing this idyll, however: "We are in the process of striking against some bus companies because the transport company does not want to pay the bilingual bonus any longer, and the Italians have joined this action."

Widmann rejects the charge that his union is tied too strongly to the SVP, saying: "We keep criticizing SVP policies because the party is doing too little for the workers."

The "industrial aristocracy," Widmann points out, while astutely pocketing subsidies during the crisis, nevertheless laid off workers. "In the winter," he complains, "we had a total of 10,000 unemployed." The ASGB Public Service Union is demanding all the more vehemently that quota positions be filled with German-language candidates. "We definitely reject the flexible attitude of the SVP," says union leader Klaus Strimmer; "a bilingual setup at post offices and railroads continues to be merely a matter of theory."

Particularly controversial is the partial denationalization of Italian railroads in 1985. In accordance with it, the 3,000 railroad jobs in South Tirol no longer would have to be allocated in line with ethnic quotas, and the "missionari" temporarily transferred to the province of Bolzano from the south would then permanently take away the jobs of German-language candidates.

Governor Magnago has already lodged a complaint about this with Prime Minister Bettino Craxi. "If such a thing goes through," Magnago warned, "I would have to withdraw consent to the package; as it is, only 7,500 of the 12,000 public jobs fall into the quota category."

The latest attack against Magnago's SVP, which is supported by 90 percent of German-language South Tirolean voters, has come from an unexpected direction. Financially weak South Tirolean hotel owners and innkeepers, all loyal SVP voters, want to establish a rescue society for tourism enterprises threatened with bankruptcy. "At present there are 50 auctions a month," complains a hotel owner in the Isarco valley who has not yet overcome his financial difficulties and therefore wants to remain anonymous; "the banks are purchasing places at 20 percent of their true value because the innkeepers can no longer pay the interest rates." Altogether 8,000 persons are affected by the wave of bankruptcy in the South Tirolean tourist trade, he says. In his opinion, the South Tirolean government deserves a large share of the blame because interest rates rose from 12 to 30 percent in the late seventies. "Because of the new overall construction plans," he points out, "the provincial politicians in fact called on us to lose no time investing." He said the Landessparkasse [Provincial Savings and Loan Association] made the loans and was now exploiting the innkeepers' difficulties.

The hotel owners, mired in debt, are planning to hold an international press conference to draw attention to their emergency; they will attend it disguised in hoods, for safety's sake.

Infantry Maj Joerg Pircher, onetime dynamiter and now, after 8 years' imprisonment, again orchard grower in Lana, thinks he knows the political climate in South Tirol: "Anyone who is against the SVP and isn't independently employed immediately loses his job."

LABOR PARTY PAPER ON NONSOCIALISTS' COOPERATION PROBLEMS

Oslo ARBEIDERBLADET in Norwegian 10 Jun 86 p 4

[Editorial: "Constructed Sense of Community"]

[Text] In an editorial shortly after the governmental crisis, AFTENPOSTEN expressed great enthusiasm for the spirit of cooperation among the three coalition parties. "One bright spot in the situation that has arisen," AFTENPOSTEN wrote, "is that the three nonsocialist coalition parties are perhaps more united than at any time since the present government was formed."

Not even at that time, after the Willoch government was brought down and before Gro Harlem Brundtland had taken over, was that description of the feeling of cooperation correct. A majority had hardly been formed against the three-party coalition before the statements and views of the coalition parties began to differ sharply. This was true, among other things, of their view on a possible new nonsocialist government and on how long the new Labor Party government should be permitted to remain in power. Now just over 3 weeks have passed and the wishful thinking of AFTENPOSTEN is even less realistic today than during the change in government. We have seen that, in issue after issue, the two middle parties have chosen the same political goals and priorities as the Labor Party. On some issues, this has also taken the form of common positions on matters taken up in parliament.

This, in itself, does not mean that there has been a major political reorientation in the middle parties or in the Labor Party. The major dividing lines between them are the same. But this trend in parliament confirms a reality in Norwegian politics today. The main current of Norwegian politics does not flow through the Conservatives, the Center Party, and the Christian People's Party, even though these three parties have attempted to construct a sense of community both formally and in reality, through their work in the coalition government. The governmental declarations, budgets, and long-term programs made by the three nonsocialist parties do not represent reality. In any event, statements by AFTENPOSTEN and the Conservative leadership do not always represent reality.

The Conservative Party programs, its traditions, and much of the individual feelings of party members concerning the party's role in society contain tendencies toward isolation with regard to the rest of the political parties

in Norway. To be sure, Conservative leaders have attempted to suppress these tendencies outwardly for 2 or 3 decades, in order to place the party in a more influential and powerful position, but they still exist in the back rooms of party headquarters. In addition, the ideology and view of social development remain the same as they always have been--which should be taken as a compliment by a conservative party.

It might also be added that the Conservative Party and the middle parties have stood together on a number of important political issues during their last years in power. This is true. But it is also untrue. There is a fundamental difference between working toward a compromise solution with which no one is genuinely satisfied, but which everyone accepts out of tactical considerations, and common views that arise from a feeling of mutual support for common political views and convictions.

On a number of key issues, it is easy to see that the political decisions developed by the middle parties because of their priorities are much closer to those of the Labor Party than those of their former coalition partner, the Conservative Party. This is one of the most interesting points in the current political situation.

9336

CSO: 3639/127

LABOR PARTY PAPER ON PROSPECTS FOR HARLEM BRUNDTLAND RULE

Oslo ARBEIDERBLADET in Norwegian 20 Jun 86 p 4

[Editorial: "Simple for Conservatives"]

[Text] At the close of the spring session of parliament, it may be stated that there is a parliamentary majority in favor of the basic policies set forth by the Labor Party government. On important questions, the middle parties--the Christian People's Party (KRF) and the Center Party (SP)--have parted company with their former "big brother" in the coalition government, the Conservative Party. This applies primarily to the steps that must be taken to correct the country's economic situation. Even though the drop in oil prices has worsened the economic picture, the fundamental problems are related to the Conservative Party policies that were carried out by Willoch and Presthus for 4.5 years as prime minister and finance minister, respectively.

Now, more clearly than before, we see that there was no real majority in parliament for these policies. KRF and SP had to leave the government, however, before these parties could support an economic policy that they actually favored. The same could be said about important aspects of Norway's foreign and security policy. Only since the Labor Party become the governing party have the genuine views of parliament been expressed in concrete policies.

Theoretically, it seems likely that Gro Harlem Brundtland and her government will do a good job over a long period of time. Since politics is something more than mere theory, however, there are no guarantees that the government will survive. The government can continue to exist only as long as it is able to gain the support of a majority in parliament for its policies. If the nonsocialist parties can agree on a joint policy, they would have a majority in parliament so that they would be able to create their own government at any time.

This is a political reality that is understood by every politically aware person in this country. Consequently, we believe that it is, mildly stated, nonsense to say that it will soon be open season on the Labor Party government and that the nonsocialists are preparing for the fall hunting season on the government. This reminds us of the man who sold the skin before shooting the bear. In addition, it will require no great marksman to bring down the Labor government if the nonsocialist parties have enough will and desire. As long

as these qualities are not present to a sufficient degree, we believe they should speak less loudly about hunting the government. One of the strengths of Norwegian politics since the war has been political stability, even with minority governments. If there is something a small country such as ours does not need to suffer needlessly, it is governmental crises.

Despite the proclamations that are coming from various parties and individuals on the nonsocialist side, we do not believe that the stage is set for a new governmental crisis in Norway, not even this fall. We believe that the latest meeting of the Conservative Party's Executive Committee presented a clear picture of the situation. The executive committee wants the Conservative Party to form a new government as soon as possible. The precondition for this is a cooperative agreement with the Progressive Party in order to assure peace in parliament. The prime minister must be Kare Willoch--"It would be strange to have anyone else." In addition, a new nonsocialist government must carry out Conservative Party policies.

It is as simple as that--for the Conservatives. And it is as difficult as that--for the Center Party and the Christian People's Party.

9336

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POLL INDICATES SLIGHT GAIN FOR CONSERVATIVE PARTY

Oslo AFTENPOSTEN in Norwegian 21 Jun 86 p 9

[Article: "Conservatives Forward, Middle Back"]

[Text] The leading opposition party, the Conservatives, recorded the strongest advance in the political barometer for May taken by Norges Markedsdata (NMD). The 1.2-percent increase places the party once again at the 30-percent mark according to the NMD poll. It has been around this figure continuously since February of last year. The Labor Party remains at a high level, over 43 percent, despite a slight decline.

The opinion poll, which was taken from 19 May to 16 June, shows only small changes in comparison with the April barometer. The "collaboration" of the Center Party and the Christian People's Party with the government in connection with the austerity measures did not influence the figures. Since it has been indicated that these parties alone could be a possible governmental alternative, it may be of some interest to examine their combined support: the Christian People's Party and the Center Party combined have 13.2 percent of the voter support. That is the second lowest figure for this combination of parties since the parliamentary elections. The barometer shows that the Labor Party [omission].

Revidert 20. Juni 1986.

(1)	(2) Fylkingsvalg Sept. 1983	(3) Stortingsvalg Sept. 1985	Mars 1985	Apr. 1985	Mai 1985	Juni 1985	Aug. 1985	Sept. 1985	Okt. 1985	Nov. 1985	Des. 1985	Jan. 1986	Feb. 1986	Mars 1986	Apr. 1986	Mai 1986
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Sos. V-parti	5.3	4.6	5.1	5.3	5.4	5.8	5.5	6.4	6.5	6.1	6.5	5.7	5.4	6.1	5.7	5.5
Arbeiderpartiet	38.9	38.2	38.2	39.7	38.7	38.5	40.8	41.5	41.8	41.5	41.0	42.2	42.2	42.6	43.5	43.2
Sum	44.2	43.8	43.3	45.0	44.1	44.3	46.3	48.3	47.6	47.5	47.9	47.9	47.6	48.7	49.2	48.7
Senterpartiet	7.2	6.1	6.4	5.3	6.0	6.6	6.6	5.5	7.3	6.1	6.2	6.4	5.7	5.7	5.9	6.6
Kristelig Folkeparti	8.8	8.3	7.7	8.4	8.5	8.1	8.3	7.6	8.0	7.9	8.7	7.9	7.9	8.0	7.9	7.6
Høyre	26.4	30.8	31.0	29.9	30.1	30.0	30.4	30.4	28.0	31.0	30.7	30.0	31.6	30.2	28.8	30.0
Fremskrittspartiet	10.3	5.5	5.8	4.9	5.3	5.4	3.7	4.0	4.8	3.6	3.9	3.5	3.1	3.5	3.3	3.6
Sum	48.7	50.7	50.9	48.5	49.9	50.1	49.0	47.5	48.1	48.6	49.5	47.8	48.3	47.3	45.9	46.8
Venstre	4.4	3.6	3.5	4.5	3.7	3.5	3.1	3.2	2.6	2.2	1.6	2.5	2.5	2.5	2.8	3.1
Det Lib. Folkep.	0.7	0.6	0.3	0.4	0.7	0.7	0.5	0.5	0.4	0.3	0.3	0.7	0.3	0.4	0.6	0.5
Red Valgallianse	1.2	0.8	1.2	0.7	1.0	0.9	0.6	0.6	0.2	0.5	0.8	0.5	0.7	0.4	0.4	0.5
Kommunistpartiet	0.4	0.3	0.5	0.7	0.5	0.2	0.1	0.1	0.1	0.6	0.2	0.3	0.5	0.3	0.2	0.1
Andre	0.3	0.2	0.3	0.2	0.1	0.4	0.4	0.3	0.3	0.1	0.1	0.3	0.2	0.4	0.9	0.3
Total	99.9	100.0	100.0	100.0	100.0	100.1	100.1	100.1	100.0	99.9	100.0	100.0	100.1	100.1	100.0	100.0
Svar om partipref.	(16)	1039	1056	1037	984	1024	1052	—	1030	1095	993	970	1098	1066	1075	1045
Antall intervjuer ialt	(17)	1255	1262	1216	1263	1268	—	1218	1240	1191	1152	1262	1248	1266	1236	1220

Key:

1. Revised 10 June 1986
2. Local elections, Sep 83
3. Parliamentary elections, Sep 85
4. Socialist Left Party
5. Labor Party
6. Total
7. Center Party
8. Christian People's Party
9. Conservative Party
10. Progressive Party
11. Liberal Party
12. Liberal People's Party
13. Red Election Alliance
14. Communist Party
15. Others
16. Number indicating party preference
17. Total number interviewed

The barometer includes a correction factor reflecting voting patterns in the last parliamentary elections. The calculated statistical error is on the order of 3 percentage points for figures close to 50 percent, about 2 percentage points for figures from 10 to 20 percent, and as little as 1 percentage point for lower figures. The interviews were conducted between 19 May and 16 June 1986.

Norges Markedsdata A/S.

9336

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CENTER PARTY LEADER FORESEES POSSIBLE FALL GOVERNMENT CHANGE

Oslo AFTENPOSTEN in Norwegian 26 Jun 86 p 3

[Article: "SP Prepared for New Governmental Crisis"]

[Text] "There could be a change in government by this fall. I am rather sure there will be a change during this session of parliament." This was stated by Center Party (SP) leader Johan J. Jakobsen in connection with the close of the spring session of parliament. The Center Party leader questions the Labor Party's willingness to compromise, which has already created criticism in Labor's own ranks. "How long can the Labor Party continue to strain out gnats and swallow camels?" Jakobsen asked.

Jakobsen denied that the Center Party was abandoning the nonsocialist cooperation. He told the Center Party's press office: "What we have seen is that the three former coalition parties are stressing their own policies more forcefully now that they are in the opposition--obviously. But nonsocialist cooperation is not so delicate that it could be destroyed by a 0.7-percent increase in the national insurance premium!"

Costly

"I regret the change in government, but it must be stated that the time from 9 May up to the present has been highly educational for the people," the Center Party chairman said. "It has been a relief to unmask the campaign promises, guarantees, and empty rhetoric that the Labor Party used when it was in the opposition! In this regard, the Labor Party interlude has not been totally wasted, but it looks like it will be costly for the country."

Camels

Jakobsen finds it difficult to predict the exact time of the change in government. "That depends on a number of factors. For example, how long will the Labor Party continue to strain out gnats and swallow camels? I believe the Labor Party will have to create a sharper party profile by this fall and limit its remarkable adaptability. To be sure, the government's will is strong, but consideration of the internal opposition will set limits. In addition, too much willingness to compromise will give the Socialist Left Party greater leeway.

Shift

Thus, a shift could occur this fall, according to Jakobsen. He is rather sure there will be a new nonsocialist government before this session of parliament is over. "It is still the Center Party's goal to be part of the government. When all is said and done, the greatest influence is to be found within the government," the Center Party leader said.

EC

Jakobsen also discussed the foreign policy debate, which includes the question of Norway's relationship to the Economic Community. "The idea of membership is still foreign to the Center Party. We have stated this in our program. But Norway stands to gain by maintaining good relations and close contacts with the EC, which is now of great economic and political importance. We would be happy to see a debate over our relations with Europe," the Center Party leader told the party's press office.

9336

CSO: 3639/128

CHRISTIAN, CENTER PARTY YOUTH ORGANIZATIONS REJECT TIES WITH WILLOCH

Oslo AFTENPOSTEN in Norwegian 28 Jun 86 p 2

[Article by Kjell Hanssen]

[Text] At the annual meeting of the Christian People's Party Youth Association last weekend, both the outgoing and incoming chairmen pronounced the traditional incantation against any form of cooperation with the Conservatives. Both looked in the direction of the Labor Party. Joining with the Conservatives, they said was the wrong way for the Christian People's Party to go. In addition, such cooperation would cause their party to lose voter support.

Identical warnings will be issued this weekend at the congress of the Center Party Youth. The Center Party can expect nothing but defeat if it turns to the Conservatives. History has proven this, they claim.

If it is correct that the middle parties have lost support by cooperating with the Conservatives, it is still surprising that so-called idealistic youth would place so much emphasis on this argument. Politically minded young people are usually more interested in sending their party to destruction with its banner held high than they are interested in survival.

The truth, however, is that their assertion is false, even though it has been repeated by generations of chairmen in the youth organizations associated with the Christian People's Party, the Liberals, and the Center Party. History does not show that these parties have lost support by associating with the Conservatives. On the contrary, they have gained in both influence and support.

Take the Liberals, for example. Since 1912 the party's fate has been an almost continuous series of defeats, up until last year when it gave up the ghost as a political factor--and then it was following a declaration of support for the Labor Party. But there are two notable exceptions to this negative trend: the parliamentary elections of 1930 and 1965. Both elections clearly involved a major mobilization by the nonsocialist side, so that there was no doubt as to where the Liberals stood. And, for once, the entire Liberal Party was on the same side. This resulted in success at the polls

Center Party

What about the Center Party? The mobilization election of 1930 was also a success for what was then called the Agrarian Party. The election of 1936, after the party's emergency agreement with the Labor Party, resulted in a major defeat. The Center Party also made advances when the four nonsocialist parties united before the elections of 1965 (after having participated in John Lyng's government 2 years earlier). The party continued to advance in 1969, after 4 years as a coalition partner with the Conservatives. If we examine the seventies, when the Center Party eliminated itself from the coalition picture, we find that the party lost 40 percent of its support--most of it to the Conservatives. The Center Party managed to halt the decline by participating in the Willoch government from 1981 to 1985.

Christian People's Party

What about the Christian People's Party? The party advanced when it participated in the coalition with the Conservatives from 1965 to 1969. The party experienced a certain decline in the parliamentary elections of 1985 after 4 years with Willoch, but this decline for the Christian People's Party was only one third the decline it experienced in the previous elections, when it was unclear as to where the party stood with regard to nonsocialist cooperation or if the Christian People's Party was at all interested in nonsocialist cooperation.

When the youth leaders of the middle parties speak as if historical facts did not exist, there are two reasons. First of all, they have not bothered to find out the truth. Secondly, they wish the truth were different. With few exceptions, they feel kinship with the Labor Party and the Socialist Left Party, particularly the latter, while they remain aloof from their party's actual partner, the Conservative Party.

In other words, young and adult leaders in these parties find themselves on opposite sides in Norwegian politics. You might think that, in the long run, a party could not continue to operate with so much internal tension.

Not To Be Confused

It must be remembered, however, that a party's youth organization is not to be confused with the party's younger voters. The latter generally support a party because of the way that party is. If they disagree with the party's policies, they choose another party. It is the organized activists in the youth organization who decide to take their party and make a completely new party out of it--to put it on the opposite side of the political spectrum, for example.

Political youth organizations find it easy to believe that a party can be manipulated, as if its voters did not exist.

Of course, the smaller a party is, the stronger this tendency becomes. On the other hand, the adults in the parent party must keep an eye on the next elections. They have a simple desire to survive. For this reason, and because they know that youth organizations often represent no one but themselves, they can let Kare Kristiansen say whatever he wants--and silently agree with him.

9336

CSO: 3639/129

CONSERVATIVES, CHRISTIAN PEOPLE'S PARTIES ADVANCE IN POLL

Oslo AFTENPOSTEN in Norwegian 28 Jun 86 p 8

[Article: "Conservatives and KRF Advance"]

[Text] Major changes are taking place among Norwegian voters. The change in government has already had a strong effect and the trend is continuing, according to the Gallup/NOI/AFTENPOSTEN political barometer for June. In 2 months, support for the Labor Party (AP) has dropped by 4 percent and that of the Conservative Party (H) has increased by 3.3 percent. The distance between these two major parties has been cut in half—from 15.1 to 7.8 percent.

Thus, the barometer confirms the results of previous opinion polls taken by this same institute and by MMI and Scanfact: major changes are underway and it is the largest parties that are affected most.

Nonsocialist Majority

In addition, the former coalition partners of the Conservative Party are holding firm, so that there is now a nonsocialist majority among the voters. Including the Progressive Party (FRP), the four nonsocialist parties that are represented in parliament now have 50.7 percent, while the Labor Party and the Socialist Left Party (SV) together have 45.7 percent of the voter support.

The NOI poll was taken from 6 to 19 June, i.e. after the events of the change in government. Thus, they reflect reaction to the devaluation, the tax increases, the NATO episode, and the first part of the wage conflict in the public sector. The latest chaotic round of wage negotiations and the criticism that has been directed against the government in this respect, on the other hand, came after the poll that is presented here.

The greatest advance registered in the NOI June barometer was made by the Christian People's Party (KRF), which rose by 1.5 percent to 8.4 percent. This rise comes after several months of decline, however, and may be more of a technical than a political nature. The Center Party (SP) is moving in the opposite direction: earlier it advanced, now it is declining. An examination of the opinion polls over a long period of time shows that this is a trend. One party goes up as the other goes down. Compared to the parliamentary elections, both these parties are maintaining the status quo.

If elections were held today, both the Christian People's Party and the Center Party would have the same results as last year.

Now, for the first time, the Labor Party is below its 1985 level. Much of the sharp decline over the past few weeks must be blamed on the party's abandoning of its irresponsible campaign promises and unreasonable hopes. The results may be so dramatic because the trail of broken promises leads practically all the way up to the cabinet. The new prime minister and her ministers have only themselves to blame, but it could be more than a reaction of dissatisfaction.

The political changes could represent a shift to the right. In the three polls for the period of April through June, the Conservative Party advances are practically identical to the Labor Party losses.

This situation should not result in long-term planning at the various party headquarters, however. The political trend must be followed from week to week. Political polls do not dictate decisions, but no party can ignore the fact that the signals sent by changes in voter opinion will determine how long the Harlem Brundtland government will continue to survive.

This type of thinking will influence the Labor Party, in particular. Why would it continue to govern without a majority, if all it has to show for this is fewer and fewer voters?

(1)	Stor- tings- valget 1981 %	(2) Stor- tings- valget 1985 %					Okt. %	Nov. %	Des. %	1986 Jan. %	Feb. %	Mars %	April %	Maj %	Juni %
		Aug. %	Sept. %												
Ap.	37.1	37.3	40.8	41.6	41.9	42.6	43.0	41.0	42.2	43.3	43.9	41.2	39.9		
DLF.	0.6	0.6	0.5	0.6	0.5	0.0	0.3	0.4	0.8	0.1	0.7	0.3	0.3		
Fr.p.	4.5	4.1	3.7	4.5	4.1	3.1	3.1	3.5	3.5	3.1	3.3	3.6	3.5		
H ₁	31.8	32.8	30.4	29.0	29.8	31.1	30.2	30.4	30.2	30.9	28.8	31.0	32.1		
Kr.F.	9.3	8.9	8.3	7.4	7.6	7.5	7.8	9.5	8.0	7.2	7.1	6.9	8.4		
NKP	0.3	0.3	0.2	0.2	0.1	0.0	0.1	0.4	0.2	0.3	0.1	0.4	0.0		
RV	0.7	1.3	0.6	0.6	0.7	0.7	0.6	0.3	0.6	0.6	0.6	0.7	0.3		
Sp.	6.6	5.8	6.6	6.2	6.8	6.5	5.8	4.8	5.7	6.0	5.8	7.4	6.7		
SV	5.0	5.7	5.5	6.3	5.8	5.7	5.7	6.4	5.9	5.7	6.6	5.9	5.8		
V	3.9	2.9	3.1	3.3	3.7	2.5	2.7	2.2	2.3	2.2	2.5	2.5	2.5		
Andre	0.2	0.3	0.4	0.4	0.0	0.4	0.6	1.1	0.6	0.6	0.4	0.0	0.6		
Sum (3)	100.1	100.1	100.0	100.1	100.1	100.0	100.1	99.9	100.0	100.0	100.0	100.0	100.0		
Ap. + SV	42.1	43.0	46.3	47.9	47.7	48.3	48.7	47.4	48.1	49.0	50.5	47.1	45.7		
H ₁ + Kr.F. + Sp.	47.7	47.5	45.3	42.6	44.2	45.1	43.8	44.7	43.9	44.1	41.9	45.3	47.2		
H ₁ + Kr.F. + Sp. + Fr.p.	52.2	51.6	51.3	51.6	49.0	47.1	48.3	48.2	47.4	47.2	45.2	48.9	50.7		

Key: 1. Parliamentary elections, 1981
2. Parliamentary elections, 1985
3. Total
AP. Labor Party
DLF. Liberal People's Party
FRP. Progressive Party
H. Conservative Party
KRF. Christian People's Party
NKP. Norwegian Communist Party
RV. Red Election Alliance
SP. Center Party
SV. Socialist Left Party
V. Liberal Party
Andre. Others

The figures show voter support, if elections were held tomorrow, among those who are sure they would vote. Respondents were also asked who they voted for in the parliamentary elections of 1985. The differences between support for the individual parties in this survey and the actual election results in 1985 were used as weighting factors.

The interviews were conducted from 6 to 19 June 1986.

Callup/NOI

SHP ELECTS NEW GENERAL SECRETARY, OFFICIALS

Baris Can Elected

Istanbul CUMHURIYET in Turkish 6 Jun 86 pp 1,12

[Text] Baris Can, new SHP [Social Democratic Populist Party] secretary general, was born in 1944 in Inebolu. Actually from Sinop, Can came into the world in Inebolu because of his father's teaching assignment. Can, the majority of whose family teaches, moved from Inebolu to Sinop when he was 27 days old. He attended primary school in Sinop and middle school at Haydarpasa Lycee, having scored successfully on the full-scholarship boarding school examination. However, 6 months before graduating from middle school, Can was forced to move to Corum to live with his older sister. He completed middle school in Corum and graduated from the finance department of AITA [Ankara Academy of Economics and Commercial Science] in 1967. The same year, he served in the military at the communications school. In 1968, he left his post as accounting specialist and, with two friends, established a financial consulting office. He continued this work until elected to the assembly.

Can became interested in politics while a student. In 1965 and 1966, he played an active role in the CHP [Republican People's Party] youth auxiliaries. His political activities in his student years later carried over at various levels. In the 1983 elections, he was a candidate on the reserve list of the HP [Populist Party], won in the election, and entered parliament. Together with SHP former chairman general Aydin Guven Gurkan, Can was among the leaders in the HP in the internal party dispute against the followers of Calp. When the Calp administration was ousted, Can became deputy chairman general in the HP congress. Following the merger of the HP and SODEP [Social Democracy Party], he continued to serve as a member of the MKYK [Central Decisions and Administration Council] within the SHP.

Ankara--Yesterday, at its first meeting since its congress ended, the SHP MKYK elected Sinop Deputy Can secretary general. Despite all protests, former chairman general Gurkan declined a position and Chairman General Erdal Inonu made the nominations at the meeting for the chairman's council with MKYK members accepting

all of them. In a speech prior to the meeting, Inonu said, "The time has come for by-elections. There is no reason, under the law or the constitution, to postpone them."

Members who spoke about delaying the elections at the MKYK meeting, which convened for the purpose of electing the chairman's council, wanted former chairman general Gurkan to serve either as secretary general or deputy general. Gurkan, however, opposed these proposals and said that he "wants to reserve time for the assembly and to work within the party group for an effective opposition." When several MKYK members responded to Gurkan's stance by saying, "Even if you do not want a post, we will elect you," Gurkan firmly announced, "Then, I will resign."

Chairman General Inonu interrupted the protest to Gurkan's not taking a position on the chairman's council, saying, "The situation is clear. There is no point in prolonging the discussion." As the election was delayed, Inonu asked the MKYK members if there were nominations for the post of secretary general. No one, however, put forth any candidates for secretary general, waiting instead for the chairman general to state his preference.

Inonu, who, it was learned, had spent several days in discussions with deputies and had held talks with MKYK members to obtain their proposals for the chairman's council, nominated Can for secretary general. Can became the new SHP secretary general with 24 votes. Although he was not a candidate, former chairman general Gurkan received six votes. Adiyaman Deputy Sirri Ozbek had two votes. There was one abstention.

Prior to the meeting, which was not attended by MKYK member Ugur Batmaz, as he was out of the country, it was learned that Adiyaman Deputy Ozbek declined Inonu's offer of a position as deputy secretary general as did Istanbul Deputy Tulay Oney for the post of deputy chairman general. Following the election of the secretary general, the MKYK recessed briefly. Later, four deputy chairmen general, four deputy secretaries, and an accountant general were elected to serve on the chairman's council. During these elections, no one besides Chairman General Inonu nominated candidates. Elected as deputy chairmen general in the MKYK, which accepted all of Inonu's nominations, were Icel Deputy Fikri Saglar with 33 votes; former SODEP and SHP deputy secretary general Ibrahim Onen with 30 votes; former SODEP deputy secretary general and SHP local administrations secretary Yigit Guloksuz with 29 votes; and former SHP deputy chairman general Tefvik Cavdar with 28 votes.

MKYK deputy secretaries general are former SODEP deputy secretary general and SHP MKYK member Guler Tanyolac, who received 31 votes; former HP deputy secretary general and SHP MKYK member Cuneyt Canver, 30 votes; former SODEP and SHP MKYK member Enis Tutuncu, 30 votes; and former SODEP MKYK member and SHP deputy secretary general Hizir Eksi, 28 votes.

Ugur Batmaz, former SODEP accountant general and SHP deputy chairman general, was chosen SHP accountant general with 31 MKYK votes.

In an announcement made prior to the meeting, Inonu stated that the government, relying on the success in the recent municipal elections, is "seriously considering elections" and stressed that, as soon as the new MKYK begins to function, it must prepare for elections.

Before the meeting commenced, Chairman General Inonu explained that, as a result of determining the leanings of delegates at the congress, each MKYK member faces a "difficult job." He said:

"We are gathered here in the most favorable atmosphere in order to make the progress expected of the SHP by citizens today. The latest actions of the government in the assembly indicate that elections will be held soon. The time has already come for by-elections. There is no reason, under the law and constitution, for delaying them. Postponement can only mean that the government is afraid. However, we see that, based on its success in the recent municipal elections, the government is seriously considering elections. From this standpoint, as soon as the MKYK begins to function, it must provide fellow citizens with this hope, this security, progressing toward the ability to win in the upcoming elections."

Inonu, who stated that he sees determination to work toward this end in the new MKYK, said, "There is no doubt that we believe that we will be successful in the days ahead. We will examine carefully what we can do so that elections can be held immediately."

Can's Role in Party Examined

Istanbul MILLIYET in Turkish 6 Jun 86 p 8

[Article by Teoman Erel]

[Text] I had only heard his name before then.

We met one night amidst a raucous discussion at a tavern. His manner was rowdy, his tongue sharp. He was, at the least, as impulsive as I. He was a child of the Black Sea.

Our encounter later turned into friendship.

He was a person who was able to feel a need to polish off a couple of drinks along with an octopus salad in a cordoned-off area amidst the uproar of a political tour and was committed to accomplishing this.

But, on another hand, he was an extraordinary activist organizer, a clever politician.

(While reading what I have written thus far, I see from my style that I have written as if about someone who has died. How strange.)

The person of whom I am speaking is Baris Can. He has not died. To the contrary, he has just erupted in the middle of the political scene, he has just been thrust into the spotlight.

He has just become SHP secretary general.

While the SHP is shown to be "Turkey's largest party" in public polls, but, at the same time, is struggling to channel its efforts as the major opposition, which labors to shed its old guard, outwardly, it is interesting that it has selected Can.

Can is a fighter, an organizer, a smart politician -- of the sort that is not frequently brought up in the Republican People's Party structure. Can is the exact opposite of modest, sedate Professor Inonu, who places no importance on appearance. Can loves striking, chic clothes. He demonstrates care in speaking eloquently and effectively. He tends toward fast-moving friends rather than serious-minded and gloomy circles. He is a bit ostentatious.

He is one of the rare HP radicals who well knows delegate maneuvers, the back stage of congresses.

It is understood that Can was the most effective weapon in Gurkan's defeat of Necdet Calp.

And, prior to the last congress, he was among the most agile and efficient behind-the-scenes players and tacticians of the unionists group.

Because of his profession, Can also is familiar with the business world. While a financial consultant to various corporations -- among them the Mentesoglu Group, which exports frogs' legs, -- he, too, experimented in export operations. I am not sure if he was successful or not.

This alert politician emerges to face a prime minister who is quick on his feet, who enjoys tricking and surprising rivals.

From what is known, the SHP can test Can as an antidote for the ingenuity of Turgut Bey.

Inonu, who nominated Can for secretary general yesterday, gave the party administration this directive as its primary goal:

"As soon as the Central Decisions and Administration Council begins to function, it must provide fellow citizens with the hope and the belief in progress toward the ability to win the upcoming elections."

It is understood that Inonu wants internal party disagreements and, in Gurkan's words, leftist blustering to cease and for all forces to be directed outwardly in the battle to "win."

According to Inonu, the rival is the nation, the goal is the government.

The nearest dangers are the inability to avoid mistakes that will discredit the party and the growth, which started in the assembly group, of divisiveness on the left among the old guard.

In order to succeed in these areas, Inonu called for unity and asked cliques to work together.

The chairman's council, too, was balanced with this in mind.

The new SHP Chairman's Council is like the unionists and the coalition of 26. It is the unionists who carry weight.

In the meantime, young Fikri Saglar, who is considered to be nonpartisan, was also elected deputy chairman general.

As for the election of mischievous Cumeyt Canver, a close friend of Can, to the post of deputy secretary general, this is interpreted as a tactic "to use the energy of youths by channeling it externally."

The Inonu administration of the SHP has begun with the slogan, "We must win," and the handing over of important duties to clever, activist youths.

We will all see what happens in the end. At the least, we can say that we will not be bored.

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CSO: 3554/402

OECD REPORT SHOWS COUNTRY LEADING WEST EUROPE IN JOB CREATION

Copenhagen BERLINGSKE SONDAG in Danish 1 Jun 86 p 15

[Commentary by Frank Dahlgaard; first paragraph is BERLINGSKE SONDAG introduction]

[Text] We are the only industrial country in the western world where the economic boom is producing a surplus in state finances this year.

There is more dynamite in the Danish economy than there is in our national soccer team in Mexico.

At any rate Denmark's chances of setting a world record in the creation of new jobs are substantially greater than our chances of winning the world soccer championship.

And when it comes to public finances our world championship has already been won: this year Denmark will be the only industrial country in the western world that can show a surplus.

These facts appear in the new semiannual report from the OECD, the economic organization of the western world, in Paris.

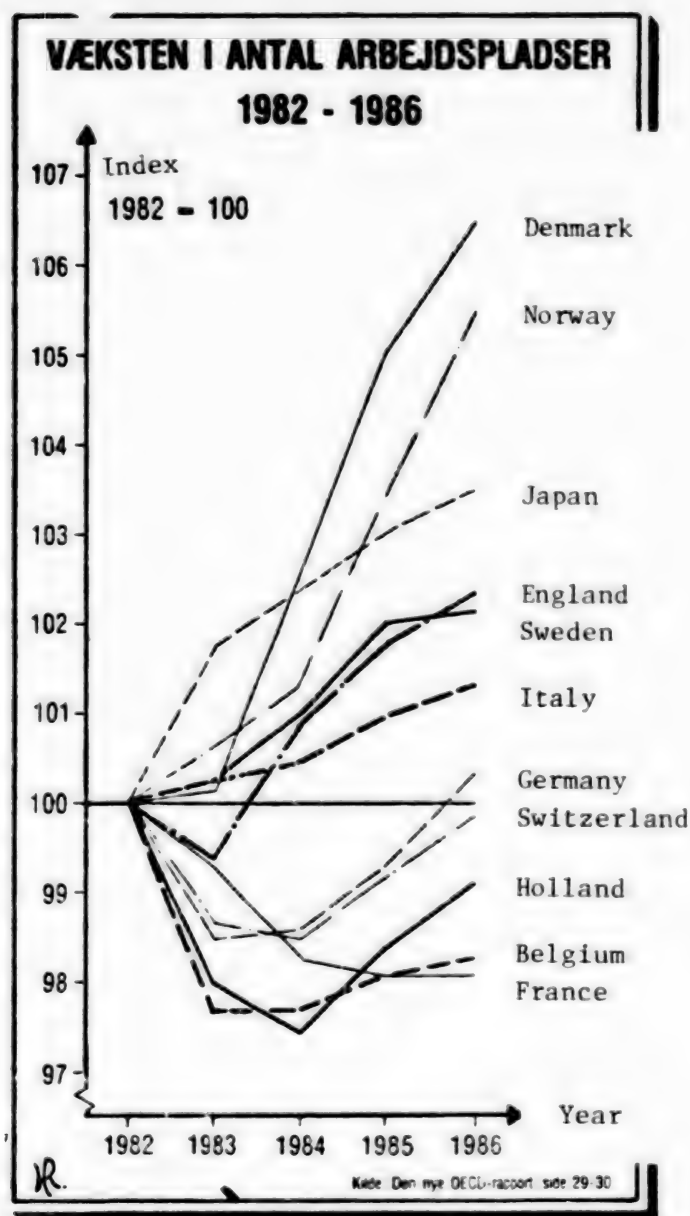
Over the last 4 years the number of jobs in Denmark increased by 6.5 percent. No other country in West Europe can show a correspondingly strong growth in employment.

The graph below shows the development in the number of jobs since 1982 for a number of industrial countries. As it shows, almost all the big increase in Danish jobs occurred in the last 3 years.

Norway, with its oil revenues, is the only European country that comes close to Denmark in the creation of jobs.

The economic dynamo of the free world, Japan, has only had half of Denmark's 6.5 percent growth in employment since 1982. And the traditional European powerhouse, West Germany, has about the same number of jobs this year as it had 4 years ago.

Holland, Belgium and France actually have fewer jobs than they did in 1982 and the same is true with regard to Austria, Ireland and Spain, which are not included on the graph for space reasons.



Growth in Number of Jobs 1982-1986

Source: The new OECD report, pp 29-30

U.S. the Leader

Prime Minister Poul Schluter cannot claim the world title in creating jobs.

That is indisputably held by U.S. President Reagan, whose country has increased the number of jobs by no less than 10 percent since 1982.

The United States was not shown on the graph for space reasons. The same is true of Canada and Australia who were in second and third place with job increases of 9.1 and 7.5 percent respectively. They were followed by Denmark with a 6.5 percent increase in jobs over the last 4 years.

Denmark's European record in creating jobs is the result of the economic boom that has occurred in this country under the four-party coalition government. The enormous growth in investments was the main factor in increasing employment, but the growth in consumption and housing construction in the last couple of years also played a part.

For Denmark, 1982 represents a decisive break in economic developments. Until then a succession of Social Democratic governments tried to reduce unemployment with artificial job creation measures. This was done by increasing the number of public employees and by giving subsidies for the creation of artificial jobs in the private sector. This cost a lot of money, but because the taxpayers were not asked to pay for the programs the state deficit and debt increased.

Effects of Boom

The tens of thousands of jobs that have been created since 1982 were almost all created naturally by the private business sector.

In contrast to the Social Democratic creation of jobs, which cost the state money, the four-party government's efforts have been a direct source of income.

The increase in employment means higher income and consumption and thus automatically higher income taxes, value-added taxes and consumer taxes as well. At the same time public spending for benefits and assistance has been reduced as a result of declining unemployment.

In this way the economic boom and the increase in employment served to reduce the gap between state revenues and state spending.

However this automatic fiscal reaction was not enough to wipe out the state deficit altogether. With a number of tax increases and (to a lesser extent) public savings measures, the politicians have actively and directly increased the flow of revenue into the state treasury and reduced the outflow of expenditures.

The result is that whereas when Anker Jorgensen stepped down in 1982, Denmark had the fourth largest deficit in public finances in the entire western

industrialized world, we are now the only OECD country in the world to have a surplus in public finances for 1986.

And the surplus is quite large, as indicated in the table below.

The table shows surpluses (+) and deficits (-) in the public finances of OECD countries in terms of the percentage of national product. The source is page 39 of the latest OECD report.

<u>Country</u>	<u>Surplus/Deficit</u>
Denmark	+ 2.9
Finland	- 0.3
West Germany	- 0.8
Japan	- 0.8
Sweden	- 1.2
Norway	- 1.7
Austria	- 2.1
Australia	- 2.2
France	- 2.6
England	- 3.2
United States	- 3.4
Canada	- 5.0
Spain	- 5.3
Holland	- 6.9
Belgium	- 9.7
Greece	-10.4
Ireland	-10.6
Italy	-12.9

Praise for Denmark

The table shows the surplus or deficit for all public finances in the OECD countries, including not only state finances but also municipal finances and social funds such as the Workers Supplemental Pension Fund and the Social Pension Fund in Denmark, for example.

In 1982 Denmark had a total public finance deficit of 9.1 percent of national product. Only Ireland, Italy and Belgium had larger deficits than Denmark at that time.

This year public finances in Denmark are expected to show a surplus of just under 3 percent of national product. The OECD economists call this turnaround in the Danish economy "remarkable."

And it most certainly is. As the table shows, the nations that were at the very bottom then, Ireland, Italy and Belgium, are still at the bottom of the list with very big deficits in their internal finances.

Denmark is also expected to be the only OECD country with a surplus in public finances in 1987.

The reason why Denmark has come out ahead of such countries as the United States is partly that the automatic fiscal reaction is greater in Denmark (because we have higher taxes and relatively higher social expenditures) and partly that Schluter, in contrast to President Reagan, has actively increased the tax burden and thus gained control over public finances.

Deficit Too

The strong economic boom in Denmark has not just helped to remove the deficit in public finances. At the same time it has also led to a strong increase in the nation's total balance of payments deficit.

The strong increase in income in the wake of the creation of new jobs has led inevitably to increased private consumption, causing imports of consumer goods to shoot up. At the same time the increased profits in the business sector and the good sales prospects have started off an investment boom with a corresponding sharp increase in machinery and equipment imports.

In other words the economic boom in this country is a major reason for both the improvement in internal public finances and the deterioration in the balance of payments deficit.

The Danish balance of payments deficit this year is absolutely among the worst in the OECD national club.

One way of reducing the foreign exchange deficit is to increase the surplus in internal public finances. This would curtail further increases in buying power which would check consumption and imports.

However this solution has run into solid political obstacles. The politicians simply do not dare increase the tax burden further or make more cuts in public spending. Instead they are now talking about increasing private savings, perhaps by means of a pension reform.

Denmark's extreme position with regard to the foreign exchange deficit as well as the creation of jobs and the surplus in public finances shows that the economic upturn was not caused by outside forces.

The economic boom in this country in recent years was "made in Denmark."

To use the current expression, "Danish dynamite" is behind both the upturn in employment and the downturn in the balance of payments.

6578

CS0: 3613/154

COUNTRY'S SHIPBUILDING INDUSTRY IN WORST CRISIS EVER

Copenhagen INFORMATION in Danish 27 Jun 86 p 1

[Article by Jens Holme]

[Text] The Danish shipbuilding industry is in the worst crisis ever, according to the annual report just released by the Shipyard Association.

"The receipt of new orders by the firms belonging to the association was insignificant in 1985," the report says. Only nine ships were ordered totaling 3,385 gross register tons compared to 23 ships totaling 443,000 gross register tons in 1984.

The total value of the 1985 orders was around three-quarters of a billion kroner or roughly 10 percent of the value of new orders received in 1984. The new orders in 1985 included a small dry cargo ship for a Danish shipping firm, a fisheries inspection ship for Senegal and seven Standard Flex units for the Danish Navy.

In the period from 1 January to 1 June 1986, the only orders received were for a coastal tanker for Greenland and two coal barges for the Jutland-Funen electric power association, ELSAM.

In the preface to the report, the director of the Shipyard Association, K. Engell-Jensen, wrote that shipyard jobs declined by 1,000 in the first 3 months of the year and another 4,000 people will become unemployed in the current year.

Engell-Jensen repeated the demand of the shipyards for relief in the area of ship financing:

"With the shipyards' investments in new technology and worker training, a sizable effort has been made to make the Danish shipbuilding industry competitive with regard to price and quality. In the current situation, with the competition strongly characterized by dumping and foreign product subsidies, the shipbuilding industry will have a hard time managing without state assistance during a transition period in the form of financing measures," Engell-Jensen said.

Engell-Jensen said that the improvements in financing opportunities for new ships that the government provided in April were inadequate. And as the government has announced that it will not take further steps, "the shipyards must look forward to a steady decline in new construction activity," the Shipyard Association director wrote.

Engell-Jensen does not feel that the contribution Danish shipbuilding makes to production, foreign currency earnings and employment can be offset in the short term by increased activity on the part of other industries. And he pointed out that 30,000 jobs depend on the shipbuilding sector.

Japan Foremost

According to the report's international survey, half of all the new ship orders in 1985 went to shipyards in Japan, 16 percent went to European shipyards, 11 percent to South Korea and 23 percent to shipyards in other parts of the world.

Limited demand and an international shipyard capacity that continues to be too large led to a further decline in price levels for new ships, dictated primarily by the Japanese and South Korean shipyards.

Aalborg Cutting Back

That Danish shipyards experienced a catastrophic development in 1985 can be seen from the fact that in 1984 Denmark was the world's fifth largest shipbuilding nation with a market share of 2.9 percent of new orders. In western Europe, we were surpassed only by West Germany. In 1985 the Danish market share dropped to 0.5 percent.

It is this trend that led the East Asiatic Company [OK] to decide to virtually shut down the new construction division at Nakskov Shipyard. Drastic cuts are also planned at Aalborg Shipyard. On Wednesday the shipyard fired 125 salaried employees and this means that it has cut the number of employees in half in the course of this year.

This occurred despite the fact that Aalborg Shipyard received seven of the nine new ship orders that went to Danish shipyards last year. Namely the special ships for the Navy which will provide work for between 100 and 200 people up to 1991.

By the end of the year there will be 1,000 people employed at Aalborg Shipyard, which employed 3,600 people for several years.

6578

CS0: 3613/167

POLL FINDS VOTERS LESS WILLING TO CUT SOCIAL SPENDING

Copenhagen AKTUELT in Danish 26 Jun 86 p 29

[Article by Elisa Nielsen: "Social Cuts Deep Enough"]

[Text] Danes are changing their minds about social spending cuts. There is much less demand for cuts today than there was 4 years ago.

That is a fact that many hope will be noted in the right places. And it may also indicate that solidarity has become a more prominent feature of the Danish national character.

And fewer people think the wages paid to public employees should be cut. They would also prefer to spare educational institutions, hospitals and the police. But savings can and should be made in defense and in the cultural area.

Today only 14 percent of the people want savings to be made in the social area, according to a survey made by the AIM opinion institute which presented 2,570 voters with 10 possible areas in which savings could be made and asked them to choose the three main areas where they felt the public sector should make savings cuts. In a similar survey carried out in 1982 in the same month that the nonsocialist government took over, as many as 37 percent said that savings should be made in the social sector.

"This is a very positive development and perhaps it can also be taken as a sign that solidarity is in favor once more," said the head of the social service administrators, Svend Age Henriksen. "For some years there has been a tendency to say that everyone should take care of himself.

"But the decline can also be due to a realization that we have saved enough money now. More and more people have felt the effect of the savings cuts personally. The cuts have become more visible. The social system is extremely broad and people using daycare institutions or services for the elderly have felt the cuts, for example. More and more people have become aware that this is not just something that affects people receiving cash assistance."

However it is not just in the area of social spending that there have been striking changes and among nonsocialist voters in particular there has been a shift in opinion with regard to where the state should save money.

For example in the last survey 20 percent said that cuts should be made in the wages paid to public employees. Today only 11 percent feel that way. And if one looks solely at nonsocialist voters, 53 percent gave top priority to social cuts in 1982. Today only 21 percent of those who vote for parties to the right of the Social Democrats think more savings should be made in this area.

It is not surprising that young people are more inclined than old people to save on defense spending or that more older people want to save on aid to developing countries. But 28 percent in all would like to save money on foreign aid now, compared to 35 percent in 1982.

In both surveys savings in the area of defense and culture had the most support, with 54 and 46 percent listing them, although culture had a somewhat higher rating than in 1982, especially in the capital region. However the percentage of voters who would rather save on defense spending is highest in the capital.

Savings on public works such as road and bridge building had the support of 33 and 34 percent of the voters respectively. And Danish State Railways and the postal system became somewhat more popular as targets for savings cuts. Some 24 percent gave this response in 1986 compared to 19 percent in 1982.

6578

CSO: 3613/167

BERLIN TEXTILE INDUSTRY COMPETES BY INVESTING, EXPANDING

Innovation, Market Expansion Priorities

Duesseldorf HANDELSBLATT in German 30 Jun 86 p 14

[Article by Edith Lucas: "A New Modern Textile Industry Is Growing in Berlin"]

[Text] On the occasion of a press conference on the current situation of the Berlin textile industry President Hans Wiebe of the Association of the Textile Industry of Berlin stated: "Berlin is one of the most interesting locations in the world for the textile industry."

In comparison with the remainder of the territory of the Federal Republic, the Berlin textile industry has undergone a decidedly more favorable development as a result of its high innovation strength--in the last 3 years the investment volume amounted to DM 360 million, including DM 150 million just in 1985. The turnover of the Berlin textile industry grew by 12.2 percent (1984: 8 percent) to a level of DM 836 million (760) and, for the same period, the number of employees also rose by 100 to a level of 3,500. This is said to prove that not only turnover but also the number of jobs have continuously risen and an additional specific increase in jobs is assumed for 1986.

"Meaningful wage increases are the rule of the hour," said Wiebe, particularly since the currently ongoing tariff negotiations have the Berlin textile industry of the opinion that wages may be permitted to rise only if they are cost-neutral. The more wages exceed productivity, the greater will be the pressure for rationalization. The wage negotiations of the Baden-Wuerttemberg textile industry, with their increase of 4.4 percent, could also be a signal for the Berlin textile industry.

The Berlin textile industry is said to be concerned over the development of energy prices in Berlin. Here, the "scissors between the Federal Republic and the island city are said to have opened wide." The development of electric energy prices in Berlin is also said to be "industry-hostile," since the textile industry, as the fourth largest consumer--following the electrotechnical industry, the chemical industry, and the food processing industry--is hard hit by the development of electric energy prices. Despite the currently minimal declines in electric energy prices, they are said to be, in part, even 30 percent over the prices of all other providers of electric energy in the Federal

Republic. The Berlin textile industry is anticipating that the Senate will intervene in order to limit the electric energy prices charged by the BEWAG [Berlin Electric Power Works Corp.]. Although one "does not dare to hope for a price reduction, one nevertheless imagines that the prices over the next 5 years should remain stable," stated Wiebe.

Many Problems Still Concern the Industry

The textile industry not only sees the problem of mastering competitiveness by "producing in the face of full wardrobes and fully equipped apartments," but also as a result of the limitation of factory hours. Wiebe emphasized that a continuously producing enterprise would always work on a qualitatively better level than one which starts and stops.

Whereas the world over and in neighboring European foreign countries the 7-day opening of enterprises is permitted and also implemented, this has thus far not been possible despite all efforts. The Berlin textile industry would be in a position, shortly, to create several hundred jobs and could offer various shift configurations in this regard which would satisfy the needs of employees in that they would not signify a prolongation of worktime for the individual employee through lengthening machine running time, but, rather, would provide individuals with the opportunity to implement work distribution.

The textile industry is appealing to the legislators to use a sensible interpretation of existing legal provisions to facilitate fully continuous enterprise operation. An exemption ruling would also permit many of the demands of the trade unions, such as, for example, the shortening of working time, to be taken into consideration.

Technical Textiles Will Be Strengthened

Although all large enterprises have increased the number of trainees in the last 2 years, an urgent need continues for trainees in the technical area, which it has not been possible to fully cover despite intensive advertising--which is the reason why some training positions remain open for the new employment year. The Berlin textile industry consequently welcomes the qualifications campaign of the Economic Senate and is more strongly cooperating with the Labor Offices in their efforts to integrate and requalify the unemployed.

In this connection, Wiebe placed particular value on the finding that the textile industry was neither a "dirty" industry nor one that had heavy-duty jobs. The only deterrent is said to be the three-shift operation which is not very popular, particularly with German employees, and which, consequently, uses a sizable number of foreign workers. There is also talk here of a "male" industry.

The area of technical textiles will be expanded more broadly in the future than heretofore and will explore new fields with new and interesting products, according to Wiebe's prognosis. Where thus far concepts such as "geotextiles" (for example, textiles required to aerate lakes and rivers with pipes which let air through outward but are water-impermeable inward, products to fortify

dikes or craters in order to catch rainwater) had been extensively the purview of the specialized world, they have increasingly become the center point of broad public interest as a result of topical events in areas of offshore clothing (for example, fire-resistant clothing, survival suits, etc.). An overview of this broad spectrum of the textile industry is provided by the specialized "tech-textile" exposition which took place in Frankfurt from 10 through 12 June.

"The Berlin textile industry is looking optimistically to the future, but we do not wish to hide the fact that the wind is blowing more strongly into our face," stated Wiebe. Strong competitive pressures exist at present, caused by imports from the dollar area and deteriorating foreign exchange ratios in the European area, primarily with respect to the British pound sterling. Added to this is a decline in exports to the East caused by declines in foreign exchange earnings, which in turn is caused by the decline in oil prices for these countries. New markets must be sought and the Berlin textile industry is said to be optimistic with regard to being able to utilize new contacts with the GDR for trade transactions.

Riedel and Tietz Found Gaps in the Market

The Berlin jersey knitting enterprise of Riedel and Tietz has rounded up its production program in search of new possibilities with the production of technical fabrics because the production of 4 million meters of raw white knitted fabric per month--that is, 700 tons--"we have already hit the ceiling as far as ladies' outer garments are concerned," stated Herbert Riedel, the chief executive officer of the enterprise which had been founded in 1970 as an OHG partnership.

The circular knitting establishment for jersey yard goods, which had been established in 1970 along with an affiliated beneficiation enterprise, achieved a turnover last year of DM 73 million with approximately 360 employees. The export share of this turnover was around 30 percent. Production is accomplished on an area of around 32,000 m². Riedel and Tietz operate on the three-shift system with the most modern circular knitting machines and produce double- and single-knit fabrics, with approximately DM 28 million being invested for this purpose over the last 4 years.

The collection encompasses all topical raw materials such as wool, cotton, viscose, polyester, and their mixtures and a newly installed discontinuously operating facility makes it possible to achieve various types of soft silklike fabrics in the polyester area. Particular value is placed upon the high-quality standards; second-quality merchandise usually runs less than 1 percent of the volume. The customer circle includes all significant printing plants, fabric wholesalers, and processors, who receive jersey fabrics which are knitted, cleaned, or preprinted. The products flow into the ladies' garment industry, into sporting goods and domestic textiles, and into the underwear industry.

The production program is rounded out and secured through the production of technical fabrics (for example, coated carrier material for the automobile

industry, coated fabrics for the roadbuilding industry and for the medical area), explained Riedel. The enterprise considers its participation at the textile exposition in Frankfurt as being supportive of a production program which continues to be oriented toward the future.

Since 1972 the enterprise has been devoting 20 percent of its total capacity to the Berlin Wiebe group as paid work with the partnership relationship far exceeding normal supplier-customer relationships. The joint undertaking includes, among others, a set of equipment.

Firm Opens Berlin Factory

Duesseldorf HANDELSBLATT in German 1 Jul 86 p 14

[Article: "The World Market Is Becoming Very Narrow"]

[Text] The Interglas-Textil GmbH of Ulm, an enterprise of the Steiger & Deschler group, celebrated its 25th anniversary by inaugurating its new plant in Berlin. This is the largest textile expansion investment in recent years in Germany, as emphasized by the chief executive officer Walter Deschler in a press conference.

Interglas produces fabrics from glass, plastics, and carbon fibers for the electronics industry, for aviation and spaceflight, for vehicles for the railroads, for highways, for water, for the engineering and apparatus construction industry, for the sporting goods industry, for the construction industry, for filtration and waste gas equipment, for grindstones, textile wall coverings and nonflammable decorator fabrics. The new Berlin plant engages in fully integrated textile fabrication for the manufacture of glass fiber fabrics (basic fabrics for the production of circuit boards) for the electronics industry. The main fabrication steps consist of preliminary shop, weaving mill, and glass finishing shop, with the capacities of the various production stages being coordinated with each other. Additionally, there is a department for the weaving of textile fabrics for the ladies' outerwear industry, whose share in the total turnover amounts to 15 percent.

The enterprise management stated that turnover expectations during the 1st business year (30 June) were around DM 10 million. For next year, some DM 40 million are expected and for the 3d business year a turnover of some DM 80 million is expected to be achieved. "A textile enterprise must operate at 90 percent of capacity, otherwise it cannot prevail on the world market," emphasized Deschler; consequently, the enterprise, which is equipped with the most modern equipment in the industry, is gearing up for a hard competitive battle.

Investments valued at DM 63 million for the first stage include DM 34 million for the machine inventory and DM 29 million for construction costs on the 50,000-m² property in the southern part of Berlin. Production was initiated in October 1985 and since then 168 employees have found jobs; after the second construction phase some 250 jobs are to be available through the middle of 1987. Annually, 10 trainee positions are to be made available in the professional area.

Partners of the Interglas-Textil GmbH in Ulm, whose basic capital was increased in June 1986 by DM 5 million to a level of DM 18 million, are Steiger & Deschler GmbH (manufacturers of high-fashion fabrics for ladies' outer garments and linings) (50 percent) and the Basler Handelsbank. Following a turnover of DM 235.3 million in the 1984/1985 business year (30 June), a turnover of only DM 210 is expected for the still ongoing business year, resulting from a decline in raw fabric sales.

5911

CS0: 3620/744

ECONOMIC DIFFICULTIES OF SHIPBUILDING INDUSTRY WORSEN

Paris LE NOUVEL ECONOMISTE in French 20 Jun 86 pp 48-49

[Article by Jean Gloaguen: "Shipyards. The Test"]

[Text] Only the taxpayers' money keeps the shipbuilding industry above water. The new government regulation forces shipyards to adapt to the laws of the marketplace. What is to be done with that bottomless pit which French shipbuilding has become for public finances? The management of Normed, (7,000 employees) one of the two industry groups along with Alsthom-Atlantique, summoned a businessmen's central council meeting on 24 June for a "report on a possible cessation of payments." After the presentation of the balance sheet, it is considered inevitable. The future of the three companies (Dunkerque, La Seyne, and La Ciotat) depends on the readiness of other companies to take them over. An approach at Creusot-Loire may result in closing several sites. It is also a test for the government, which does not wish to squander taxpayers' money on lost causes.

A letter from Alain Madelin to Jacques Dollois, chairman and managing director of Normed, began the steps toward liquidation of the property. The minister of industry informed them that regulations between the State and the construction sites had been changed. As the EEC hopes, government assistance will be granted in proportion to orders, and at a maximum should represent 20 percent of them. As a result there is an end to the subsidies which made it possible for the shipyards to meet their monthly obligations regardless of costs or lack of work.

Madelin has provided for generous arrangements to avoid the social unrest which a sudden application of these provisions would not fail to cause. It is true that his room for maneuvering is relatively wide: Each job maintained at Normed would have cost 1 million francs during the next 3 years.

Naval construction subsidies skyrocketed and reached 5 billions in 1984, 4 billions in 1985 and no doubt the same for 1986. That is a costly drift which demonstrates the crying inadequacy of rationalization efforts when the market is in free fall.

A cyclical industry traditionally, French naval construction, like the rest of world naval construction, fell sharply after the follies of the mid-1970's. At that time, the petroleum crisis had stimulated orders from shipowners and

filled order books to record levels. Apparently no one foresaw that the increase in prices for "black gold" would cause a decline in consumption, and hence in materials to transport.

Backward Surge

All shipyards of the world saw their order books, and their work schedules, shrink dangerously. It was a backward surge accompanied by a pitiless price war: same average tanker of 87,000 tons, worth \$40 million in 1980, is today offered for sale at half that price. The competition is all the more fierce since Japan seeks to maintain its supremacy and Korea exercises pressure to become its principal competitor. France, itself, is continually losing points: Its share of the world market declined from 4 percent to 1.5 percent in the space of 10 years. Thus, it was relegated to fifth place among shipbuilding countries.

The problem is that reduction in production capacity did not follow the reduction in orders received. As early as 1978, however, Raymond Barre was convinced that the French shipbuilding industry was headed toward disaster if it did not become modernized. He unsuccessfully urged the persons, different at that time, in charge of the five shipyards--Saint Nazaire, Nantes, La Ciotat, La Seyne, and Dunkerque--to regroup themselves into two centers, and then to proceed to close some sites.

In 1982 the Socialists completed the regrouping previously envisaged. On the one hand, Nantes-Dubigeon became part of Alsthom-Atlantique; on the other hand, La Ciotat, La Seyne, and Dunkerque were headed up by Normed, a private company owned by the Intra Bank and the Schneider group. However, the household that should have emerged did not come about. The authorities clung to their illusions about "the inevitable recovery of naval construction" and with the 1984 Lengagne Plan reaffirmed that none of the five sites should close.

Financially, the disaster will come from Normed. The state must help it meet its financial obligations and transform the company into a public enterprise. From the beginning Normed has been strangely penalized. A recent report from the Revenue Court discloses that "State support serves mainly to meet the considerable losses incurred in orders being filled during the fusion of the three shipyards." Later equally dubious methods were used to provide jobs to workers. Thus, to order a squadron supply tanker (PRE) from La Seyne and a transport for landing barges from Dunkerque, they misused a regulation intended to facilitate export of military materiel. The comment from the Revenue Court was: "Considering the specifications of the ships and the unlikely prospects for the national Navy's recovery, the chance of a sale abroad appears most unlikely." According to some analyses the financial costs and upkeep involved in maintaining a squadron supply tanker during the period of nonutilization would be close to billions of francs." That is absurd.

Normed authorities defend themselves, pointing out they diminished capacity and reduced staff. It is true that since 1980 Dunkerque personnel was reduced from 3,400 to 1,600; La Seyne, from 5,000 to 2,300; and La Ciotat, from 6,000 to 2,900. That is a big reduction, true, but far from what took place in

Great Britain. Since 1978, after the closing of 22 shipyards, the British shipbuilders' staff fell from 35,000 to 5,000 persons. Or in Germany: in 4 years staff was cut in half and the famous Bremen shipyard was closed. Sweden has gone still further: that country, number one in naval construction 15 years ago, has decided to shut down its last shipyard.

The French system was defective since it amounted to subsidizing orders as well as the lack of orders. The minister of industry knows that French naval construction has much higher costs than those for Japanese shipyards and cannot exist without public subsidies, but does not allow the taxpayer to finance its excess dimensions.

Its systems of subsidy proportional to the amount of orders profoundly changes the terms of operation. Until now certain leaders of naval shipyards bartered subsidies against an attenuated rate of reducing staff. Henceforth they will have to face their responsibilities, that is to say, act like wholly responsible heads of enterprises: reorganize their productive equipment, develop commercial strategies, and increase productivity. Which shipyards will survive in this new context? Certainly Saint-Nazaire. Perhaps La Ciotat. Dunkerque dreams of seducing a Scandinavian shipowner. As for La Seyne, the mobilization of its personnel already signifies its response.

9772

CSO: 3519/214

FISCAL AIDS FOR CONSTRUCTION SECTOR PROPOSED

Paris LE NOUVEL ECONOMISTE in French 20 Jun 86 pp 118-119

[Article by Thierry Bogaty: "Advantages of the Real Estate Business"]

[Text] Real estate is becoming more attractive!

The "Mehaignerie Housing Plan" presented 3 June (LE NOUVEL ECONOMISTE of 6 June) will considerably improve profitability of new real estate investments: Tax deductions and allowances are greatly increased. And this improvement in conditions forces investors to revise their calculations. To the detriment of the Stock Exchange? That certainly was not the intention of the government, which would find it quite difficult to privatize in a depressed market. But measures from the housing minister's knapsack put the clocks back on time; construction investment, sacrificial victim since 1981, returns to the forefront. Today, despite the potential which the Paris Stock Exchange still has, there is skepticism on the part of those who had abandoned it in favor of the financial markets—and made exceptional profits for more than 3 years. And real estate's regained competitiveness might encourage transfers in the opposite direction. The number of housing starts dropped from 370,000 in 1980 to 295,000 last year, but at the same time rental investments declined tenfold: 5,000 against 50,000!

Pierre Mehaignerie explains, "Investors were discouraged. The shortage is increasingly distressing for those seeking to rent. Looking for housing has become a regular battle." Well, will the waiting lines soon disappear? Four measures aimed at revitalizing housing supply are considered at least likely to reduce them: abrogation of the Quilliot law; the lump sum tax deduction for income from land is raised from 15 to 35 percent for 10 years, in case of new investment in the ninth year; a 10-percent tax reduction on each investment if there is a commitment to rent for 4 years, (compared, respectively, with the previous 5 percent and 9 years)—the same applies for new construction, with a 400,000 franc ceiling, or 40,000 nontransferable francs if the tax due is less than that ceiling; and, finally, the limit on deductible interest on loans for acquiring new property is doubled; (25 percent of 30,000 francs, plus 2,000 to 3,000 francs extra for 5 years for each dependent child.) One can see that three of these measures concern investments for rental...and even exceed the experts' demands!

Profits

It is true that the law has not yet been passed. It was presented to the National Assembly in July, to the Senate during the fall session, and will probably not be promulgated before the end of the year. And perhaps it will be amended. But Paul Mareau, the minister's official representative, states that "So far as the tax aspects are concerned, this law will be retroactive to 1 June, in order not to freeze operations until the date of its application."

Should one invest in real estate, then? The figures themselves provide an answer. Today investors reason in the "American way": with a calculator in hand. An investment in rental housing brings in approximately 6 percent per year for an efficiency or a two-room apartment worth 400,000 francs. That is the most common investment since it is the most profitable. A careful deregulation of rents could increase this rate of return somewhat, but it is mainly the new tax measures which will make housing investment more attractive. Net profit sharply increases--that is, after taxes, (the only amounts withheld). After the new tax is reduced by 35 percent the tax will amount to be no more than 1.95 percent, provided the 50-percent marginal tax rate is maintained. To that is added the 40,000 franc reduction. Calculated over 10 years, it increases profitability by more than two points. All in all, there is a net profit of more than 6 percent, no longer threatened by the IGF, whose elimination is provided for in the Finance Bill. That will encourage landlords not to ask for excessive rent! By way of comparison, investments in old or new property made before 1 June show a net profitability of over 3.6 percent.

It is true that landlords' costs make considerable inroads on their income. And capital gains are hypothetical: In Paris last year the average price of a square meter increased by 13 percent (figures from the interdepartmental Paris Chamber of Notaries) but that is because of the delay accumulating over the past several years. Only a sharp rise in inflation would benefit real estate, which would then return to the splendors of the 1970's. But "productivity increases" in new real estate still are considerable: more than 2 percent.

Will that be enough to tip the scales in the other direction, scales which for several years had shown a preference for the financial markets? Perhaps not. But certainly it will restore the balance. Bond investments, considered a privileged alternative, actually offer a gross profit of 8 percent (for state funds) and the bonds enjoy a privileged tax status: a global reduction of 5,000 francs (or 10,000 francs for a couple) on the income of real estate investments (shares and bonds) and beyond that a 26 percent lump sum levy at source.

Accepting this formula, net profitability thus comes out to be a little less than 6 percent: the same as for real estate. And there too, capital gains are not a conclusive factor. Experts agree that the main element of the marginal reduction in rates--a synonym for capital gains--has already been utilized. A possible shrinkage in real rates (today in the order of 5 percent) may conceivably permit reevaluation of old bonds...but would on the other hand reduce the return on new issues.

Equity

Today one may speak of the good and bad points on each side. Thus equity is reestablished between financial yields and construction investment. Therefore there is no question of deserting the Stock Exchange, but merely of restoring balance in its holdings. And the abrogation of the Quilliot law eliminates a brake which no longer existed, except psychologically, after the amendments brought about by Paul Quiles and Jean Auroux.

The government anticipates the construction of 35,000 extra lodgings over the coming 2 years in the rental investment sector. Thus the curve will begin to rise. Provided that high income taxpayers comply with the tax system. Because they are the targets: The benefits offered them, translated into extra income, are all the more advantageous since investors are highly taxed. But they should not ignore the tax incentives, at least if low liquid assets and a high initial investment are not insurmountable obstacles. According to calculations by the minister of economy and finance, if investors respond to Pierre Mehaignerie's appeal it will cost 2.5 billion francs each and every year. The housing minister certainly hopes to see these billions reinvested. But what about the Internal Revenue Service?

9772

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PAPER DISCUSSES FAILURE OF GOVERNMENT'S ECONOMIC POLICIES

Athens I VRADYNI TIS KYRIAKIS in Greek 22 Jun 86 p 5

[Article by Athan. Kanellopoulos]

[Text] The changes in critical economic magnitudes are 50 percent worse than the initial government forecasts, as has been admitted by the appropriate minister in recent statements. More specifically:

1. Private and public consumption, at fixed prices, are running at the same levels as in 1985, whereas it had been officially announced to us in February that the former would decrease by 2.1 percent and the latter by 0.2 percent. If it is taken into consideration that production will decline by 0.2 percent, according to the government's forecast, it is obvious that the national expenditure will exceed the national production, and consequently the position of the balance of payments this year, expressed in fixed prices, will be worse than that of last year.
2. As for the balance of payments: Imports of goods and services will decline by 3.3 percent on an annual basis, compared to an initial forecast of 4 percent. And this is so despite the unforeseen decrease in the price of petroleum from \$28 to \$15 per barrel. The corresponding exports of goods and services will increase only by 3.3 percent, compared to an initial government forecast of 7 percent. But with these data, the government is acknowledging a deficit in the balance of payments amounting to \$2.5 billion, whereas it had predicted and announced a deficit of only \$1.7 billion.
3. As for inflation: The responsible minister is seen to be overoptimistic in relying on the fact that in May 1985 inflation grew by 0.7 percent, whereas in the corresponding month of 1986 it grew only by 0.5-0.6 percent. And the responsible minister did not choose to make known that precisely this small difference is all the more disquieting, following the tumultuous drop in prices for fruits and vegetables. It should be noted that for the entire 5 months of 1986 inflation comes to 7 percent, compared to 7.4 percent for 1985. And this is called a "slowing down." On an annual basis, the cost-of-living index is moving up at a rate of 25 percent--that is, at a higher rate than that of 1985.

It is clear that the measures taken in October for purposes of stabilization not only did not produce anything positive, but on the contrary worsened the economic situation of the country, as is evident from the report given by the responsible minister of national economy himself. As is known, one objective goal of the October economic measures was to reduce demand (by taxation, no growth, devaluation, inflation) in order to hold down the deficit in the country's foreign transactions. Nevertheless, this deficit does not seem to be decreasing substantially, nor does it seem that a fundamental structural improvement in the balance of foreign payments is being realized. In order to judge the effectiveness of the measures, in evaluating the balance of payments situation the decrease in expenditures because of the fall in the price of petroleum products should not be included--since this fact is unrelated to the government's activity--nor should the income from the EEC, a fact for which those in power owe a debt of gratitude to the New Democracy Party. Thus, if we subtract the imports and exports of fuels and the receipts from the EEC, the deficit in the balance for the 3 months of January-March was \$733 million in 1986, compared to \$722 million in 1985. That is, a worsening of 1.5 percent was noted.

More specifically, as of March the increase in the deficit is 9.7 percent, a fact that betokens an increase in the deficit for all of 1986 on the order of 10 percent. Thus, the deficit in the balance, without fuels and the EEC, for all of 1986 is anticipated to establish itself at a level of \$2 billion. If to this we add the deficit from imports of fuels, the net receipts from the EEC, and the exceptional decrease in foreign exchange from tourism, the total deficit is expected to range around a figure of \$2.8-2.960 billion. In essence, of the gains from the decrease in payments for crude oil (about \$800 million), \$150 million of these are offset by the fall in receipts from tourism and \$250-350 million from the structural worsening of the balance on account of the economic measures of the government.

The question which understandably arises now is--why did the government's Thatcher-like measures fail? The basic reason is the government's squandering of the nation's revenues for financing the consumption expenditures of the State and the weakness of investment activity, in association with its disregarding of the principles of operation of the money market, which once more prove to be impressively more powerful than the dogmatic fanaticism of those in power. The October measures aimed at either checking demand by individuals or the transfer of income to the State. In this way it was hoped that the operative economic principles would hold down consumption expenditure by individuals to a greater extent than the consumption expenditure by the State increased. As I had stressed on another occasion, the government did not understand the role of the "brake of conservativeness"--that is, the reaction of private citizens to the suppression of their income. The great liquidity of the economy (private deposits equal to the national income) gave and gives individuals the ability to cover their income shortages by drawing supplemental money from their accounts. And in addition: In light of our endemic inflation, individuals have hastened and are hastening to invest their deposits in durable consumer goods and in foreign currencies.

It is a distinctive fact that in the first 5 months of 1985, private deposits noted an increase of 116 billion drachmas, while in the same interval of time in 1986 they saw a decline in absolute terms. In consequence, expenditure remains undiminished, and thus it is not possible to expect an improvement in the balance of payments. The government's economic measures themselves are leading to these reactions by the economy.

Under these conditions, borrowing from abroad to cover foreign exchange expenditures, as well as those in domestic currency, will come to about \$2.8 billion, and this borrowing will retard the economy during the coming years through interest payments amounting to about \$350 million. But this confirms the finding that neither in 1987 nor in 1997 will it become possible for the economy to get out of its crisis. In this period, the need will emerge for the repayment of the incurred new debts, which are spread out over a period of 5 years from the contracting of them. A way out of the crisis is not possible when the nation's revenues are being squandered in consumption expenditures by the State, when net private investments of fixed capital have almost vanished, and when the benefit from the decrease in crude oil prices is held back by the government on behalf of the State, so as to make possible this year also the effecting of ostentatious expenditures without any gain and the conducting of massive new hirings with a view toward the municipal elections.

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DEMOCRATIC RENEWAL LEADER RAPS SOCIALIST ECONOMIC THEORIES

Athens I KATHIMERINI in Greek 26 Jun 86 p 10

[Text] The chairman of Democratic Renewal [DR] charged the government with heavy responsibilities for the absence of a program for economic development and also for worsening the situation in the ailing companies which are now being operated by the government, and which are no longer able to guarantee employment for their workers.

In his regular Wednesday meeting with the political editors, Kon. Stefanopoulos was critical of the government for its failure to formulate an economic development policy after 5 years in power, with the result that economic recovery is "extremely unlikely."

In the opinion of Stefanopoulos, the basic reasons for this situation are PASOK's "socialist theories" which completely discourage every effort of private initiative, while at the same time the government proved unable to replace private economic activity with a corresponding activity in the public sector. He said the government's productive investments during PASOK's 5 years in power are almost nil.

PASOK's failure has extended to the ailing socialized companies which were in no way rescued or restructured, and to state enterprises and agencies which suffer from obvious mismanagement. The deficits of these two sectors have reached unacceptable heights.

Stefanopoulos emphasized that the overall effects of PASOK policy is recession, a decline of production of real income of the working people, high inflation, increased unemployment, increased imports with a decline in exports, and a very dangerous expansion of foreign debt. Above all, unemployment and inflation hurt the "underprivileged"--those for whom PASOK claimed to speak.

Waste of Money

The DR chairman castigated the wasteful use of public funds in the public and socialized sector. Speaking specifically on ailing companies, Stefanopoulos said that the present situation is due to the PASOK policy

which, he termed, is speculative or based exclusively on partisan criteria.

"Today", he said, "it is evident that the take over of these enterprises and their placement in the public sector was not designed to bring them back to health but to 'take care' of the government's party friends at the expense of the taxpayers and the people who were working in these companies. The latter, in fact, face a question of survival.

"The administration of the ailing companies was manned with inexperienced or unskilled persons. Millions are wasted on studies for their restructuring, while the technocrats who were hired to bring these companies back to health continue to be paid without doing anything at all. We have cases of enterprises where people were hired even though they already had excessive personnel.

"The government," Stefanopoulos concluded, "cannot hide its responsibility much longer for the situation which its policy has created in the ailing companies."

7520

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ECONOMY MINISTER TACKS ON NEW POLICY AFTER MUNICIPAL ELECTIONS

Athens I KATHIMERINI in Greek 27 Jun 86 pp 1, 3

[Article by Kostas Dedes]

[Text] In reviewing his first year in his post, National Economy Minister Kostas Simitis yesterday let it be understood that the government is forced to re-evaluate its economic policy. Simitis said that in early July the Supreme Council of Economic Policy will make a comprehensive study of the course taken by the economy and that the findings of this study will form the foundation for development of the 1987 economic policy.

The intention to chart a new economic policy for next year--its outlines were not defined--is obviously the result of the fact that the present economic policy (for development and stabilization) does not promote development nor does it help stabilization as expected.

Since the main goal of the stabilization measures--to reduce the deficit in current accounts--is impossible to achieve, the government is thinking in terms of toughening the stabilization measures after the municipal elections. This possibility became more likely after yesterday's statements by the National Economy minister.

With regard to the developmental part of the "projected" economic policy, Simitis made reference to development of the farm sector (primary production), reorganization of the banking system, and measures against unemployment, but without going into details. He only said that the first discussion will take place Monday in the National Council for Development and Planning [ESAP].

Simitis also spoke in reference to housing. He said "the government intends to move ahead on the question of housing," adding, that "the housing policy will be re-examined, to make sure all parties (banks, ministries, etc.) express a unified housing policy which will be uniformly implemented."

As the minister said, the government will prepare several scenarios for charting economic policy which will be applied in 1988 and 1989. In the meantime and until the end of 1986, the government's main concern will be implementation of the stabilization program.

Speaking on formulation of the second 5-year plan and the role of the Center for Planning and Economic Research [KEPE], Simitis said that in addition to KEPE, a "special service" will be formed at the ministry to prepare (from the political side) direction of the economic policy since planning requires political decisions as well."

Improvement of DEKO

Simitis said the government intends to examine pricing policies of the Public Enterprises and Organizations [DEKO] to have more effective planning and more rational setting of prices for the services performed by them.

Simitis said in the context of improving the situation in DEKO, studies have already been completed for the Social Security Foundation [IKA] and the Public Power Corporation [DEI]. Similar studies are being prepared for the Telecommunications Organization [OTE], the Urban Communications Organization [OAS], the Greek Aerospace Industry [EAB] and Athens and Piraeus Water Supply and Drainage Co. [EYDAP]. The minister added that "we must deal with DEKO's debts" and mentioned IKA as an illustration, "which cannot cope year after year with its debts."

With reference to "socialization" of DEKO, Simitis said the related decrees are before the Council of State and the adjustment of the basic law is being studied.

Other Institutional Changes

Referring to other institutional changes in the economic sector, Simitis added that the government will push forward in the Chamber of Deputies the bill for urban cooperatives, as well as the bill concerning the leasing of mechanical equipment. The latter bill will be completed before the end of this year.

Moreover, there is now discussion with the Ministry of Industry, Research and Technology on the bill concerning the setting up of limited-time joint ventures.

Finally, the bill concerning planning agreements and time-sharing leasing in tourism will soon be pushed forward for enactment.

The National Economy minister made interesting statements regarding inter-state economic relations. The statements indicate that Papandreou's economic overtures to the Arab world and to certain Eastern countries were fruitless.

More specifically, Simitis said that [the government] will try to expand economic cooperation with the United States, Japan, China, India, certain Persian Gulf countries, and certain African countries. He explained that relations with Eastern and Arab countries will remain as they are (the levels are not satisfactory) except for Hungary and the USSR where an effort will be made to expand our economic relations.

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CSO: 3521/189

OPERATIONAL DATA ON AILING FIRMS

Athens TAKHYDROMOS in Greek 19 Jun 86 pp 16-17

/Article by Ath. Kh. Papandropoulos: "Ailing Firms. The Problem"./

/Text/ Operation recuperation already has begun for the considerably large and deep in debt firms. Of course, the project has its difficulties and its painful repercussions. But there has to be a start sometime, before the gangrene grows and dangerously poisons our entire economic organization.

For the last seven years in our country, aside from what is being claimed by slogan campaigns with very little supporting evidence, the profits of the industrial firms are diminishing. The risk takers who decide to establish industrial units are becoming fewer. Many traditional industries are declining and the ailing firms are increasing. As a result, two disastrous phenomena are evident for the further economic development: On the one hand, the Greek industry does not produce and is not being replenished, and on the other, it becomes negative to the social total under the stress of its problems.

And from this point of view, the facts we have are revealing. For instance, in 1984, of a total 3,260 industrial firms, 1,417 had losses and 1,840 had profits that did not, however, cover the negative results of the firms that had losses.

Fatefully, during that year, the industry ended up with a total loss of 20 billion drachmae, a large part of which is due to the ailing firms whose recuperation already has begun. Which ones are those ailing firms, however? How much money do they owe? What is their future? Here is a set of questions that may not interest most people, but that are very important to the ailing economy of our country.

The Greek Approximations

According to IKA /Social Insurance Foundation/ Chief, Mr Th. Katsanevas, the problem of the deep in debt firms mainly is due to the irrational loan policy of the previous governments, a problem that is creating dangers of unemployment for a large number of workers, while similarly it is a source of a continuous money hemorrhage of the state banks that substantially have taken over these firms.

From his point of view, Mr G. Katsonis, a reporter well acquainted with the subject, recognizes that over-borrowing is one of the reasons for the existence of ailing firms in our country.

"Yes", he says, "the voracious tactic of over-borrowing starting during the junta years and later, of course, it came to the present unfortunate results. It was the oil crisis that more than doubled the cost of energy for the industry and raised the interest rates. This way, many firms did not have enough income to cover their loan payments.

"The then governments, however, did not want to adopt the right solution, that would be to let the firms solve their own problems. In other words, to raise the prices of their products according to the new cost factors and if the competition and market conditions were conducive to it, to find a way to reduce costs, increasing the productivity in every way (if necessary, by reducing personnel). If they could not survive, let them fail.

"But those who were in power then were possessed by the "social syndrome" and the myopic politicizing that is obvious -indeed to a greater degree- of the present ones. With elections coming up, they did not allow an increase in prices when they should of and as much as they should of, while they did not allow any firing of workers whatsoever. When the business men would ask, "how are we going to make ends meet", the answer was: "We shall help you". And they gave them more loans, just as you increase the dose for the drug addict", says Mr Katsonis.

"The reasons that brought the crisis to many ailing firms", says Mr Giorgos Anomeritis, chairman of the board in the Organization for the Economic Reconstruction of Firms, "are many. The most important ones, however, are summarized: In the investment stagnation during the last 15 years. In the bad administration, resulting in the continuously worsening financial-economic organization. In the inadequate management and the lack of organization. In the maintenance of a static structure and orientation of the firm in a fast changing international economic environment.

Thus it was fated for us to reach the present condition that is not at all good..".

"And this because", according to Mr Agi Khrysis, president of OAE /Greek Federation of Resisters/, "many ailing firms cope with the problem of finding able executives, as well as financial/economic resources. Other ailing firms are considered to be beyond repair and should be closed. And something like this, as admitted by qualified observers of the market, is urgent, because during the past years, the ailing firms have drained about 300 billion drachmae from the banking system, without offering something positive to the national economy".

According to Mr Drakos, an industrialist and former president of the Greek Industrialists Association, the ailing firms are the children of a series of errors, the responsibility for which lies with the industrialists, the banks, especially the National Bank, and the government.

"The industrialists", says Mr Giorgos Drakos, "have the responsibility because they failed to adapt and respond to the third industrialist revolution. From its point of view, however, the government must recognize its mistakes. It took 2 years for the ND to define the respective law and another 2 years for PASOK to revise it. A total of 4 years, during which the rate of interest at the time and the compounded interest at least doubled the debts of the firms. What justice makes these firms pay for this delay? Unlikely delays have also been confirmed in the confrontation of the crucial problems by the National Bank that amount to many years - and these delays unjustly burden the ailing firms".

"It is a real gangrene", financier Mr A. Siafakas tells me and emphasizes that "the deep in debt firms made bad use of their capital".

"The delays for finding a solution for the ailing firms amount to a large hemorrhage for the economy", says Mr G. Katsonis. And he wonders how much it costs the Greek taxpayer for the present policy that in his opinion is off the track. He says, "We are talking about many tens and perhaps hundreds of billions that do not offer any productive service whatsoever to the economy. To the contrary, they are depriving other dynamic industrialist branches of productive means and are supporting a sick climate in which no one profits".

Therefore, it was urgent to make a decision for the ailing firms. So the hemorrhage may be stopped sometime, since it could drag the giants such as the National Bank into chaos. Even if this means closing the firms that are not viable. Operations are not always pleasant. They are usually painful and in any case necessary.

As far as unemployment is concerned, the authorities have realized that the capital going down the drain for the ailing firms could be used for new productive activities that could generate new jobs. Those jobs that will absorb the unemployed who will result from closing the ailing firms.

The Ailing Firms: Which Ones They Are and How Much They Owe.

Firm	Date Taken Over	Debt on Date of Takeover (mil. dr.)	Number of Employed Persons	Total Sales 1984 (mil. dr.)	Debts in Foreign Currency (thous.)
Mikhailidis	26 Aug 83	2,826	940	1,941	52,910
Textilia	26 Aug 83	189	104	-	-
N.G. Douridas	17 Oct 83	1,491	597	675	146,178
Clothing Industry, Volos	14 Dec 83	786	567	214	59,689

Velka	14 Dec 83	5,094	817	2,213	305,699
Perfil	31 May 84	2,508	340	214	122,949
Ariston	31 Aug 84	1,117	65	74	117,316
Peiraiki-					
Patraiki	31 May 84	34,985	6,800	17,774	5,488,000
Mekka	31 Aug 84	1,300	30	-	-
Vionyl	27 Nov 84	1,300	-	-	-
Pournaras	9 Jan 85	520	145	300*	-
<hr/>					
Total					
Threadspinning					
Industry		52,116	10,405	23,405	6,292,741
<hr/>					
Temea	18 Oct 83	116	44	104	-
Skapaneas	21 Nov 83	12,379	60	-	575,900
Kouppas	30 Dec 83	1,797	417	876	233,380
Viovalv	30 Dec 83	437	105	102	134,000
Sindos	30 Dec 83				-
Mak-Metal	26 Mar 84	1,374	159	447	122,000
Fanestropoulos	7 Jun 84	1,721	82	186	563,000
Profile					
Aluminium	31 May 84	2,065	128	409	421,000
Pyr-Kal	17 May 83	15,973	3,600	6,364	921,000
<hr/>					
Total					
Technicians-					
Manufacturers		35,862	4,595	8,488	2,940,280
<hr/>					
Elinda	19 Dec 84	9,000	2,000	4,000*	1,000,000
Operations,					
Inc.	30 Nov 83	9,973	3,662	6,380	3,018,000
Macedonian					
Whitestone	30 Nov 83	929	135	1,601	5,000
Elefsinian					
Bauxite	30 Nov 83	1,510	572	1,310	186,000
<hr/>					
Total					
Mining		12,412	4,369	9,291	3,209,000
<hr/>					
EPAS-Sotiro-					
poulos Bros	27 Nov 84	3,000	400	400*	200,000
Thessaliki	26 Oct 83	6,515	388	1,326	3,166,500
Athens Paper					
Industry	30 Mar 84	17,051	2,757	12,650	5,014,000
MEL	16 Apr 84	5,108	393	1,116	57,320
EGL Ladopou-					
los, Inc.	23 Jul 84	4,500	532	500*	40,409
<hr/>					
Total Paper					
Industry		33,174	4,070	15,592	8,278,229
<hr/>					
Kavala					
Plastics	8 Feb 84	877	119	517	304,000
Elvissak	10 Feb 84	173	74	102	37,000
<hr/>					
Total					
Plastics		1,050	193	619	341,000

Karolos Fix	8 Nov 83	8,000			100,000
Greek Beer					
Industry, Inc.	29 Feb 84	4,821	203	492	3,470,000
Katsarou Bros	1 Mar 84	40	3	-	-
Greek Brewery					
Winery	3 May 84	1,417	23	-	5,450
Veko of					
Salonika	17 May 84	2,802	123	188	246,000
Total Food					
Beverages		17,080	352	680	3,821,450
Dimes	9 Mar 84	640	111	165	216,669
Etoile	31 Aug 84	250	65	108	-
Minion	5 Dec 83	3,400	597	2,804	898,814
Total		167,984	27,157	65,552	27,244,183

*Estimates

9346

CSO: 3521/196

OFFICIALS OF ORGANIZATION TO AID AILING FIRMS INTERVIEWED

Athens ELEVTHEROTYPIA in Greek 25 Jun 86 p 12

[Interview by Spyros Stamou and Maria Garoufali with OAE Chairman and Executive Officer Georgos Anomeritis; date and place not specified]

[Text] Georgos Anomeritis, chief executive officer of the Organization for the Economic Rehabilitation of Enterprises [OAE], said the products of ailing companies can become competitive. He bases his view on the fact that in 1985 these companies sold products worth 100 billion drachmas and exported products worth 30 billion.

"This last figure indicates the position of these products in the international competitive markets and proves most convincingly that ailing companies--if they could solve their financial problems--would become healthy and could produce even better products," said Anomeritis in his interview with ELEVTHEROTYPIA.

We asked for a live interview with Anomeritis in order to have a dialogue in our effort to illuminate the problem of ailing companies in every respect. But he chose to collaborate with OAE Chairman Agis Khrisis and give us written answers to our questions. So we had no opportunity to ask follow-up questions. He said: "Here we work collectively."

The full text of the answers we received is as follows:

Question: Are the products of ailing companies competitive in terms of quality and price?

Answer: The ailing (problematic) companies are named so, not because they produce products of questionable quality or services, but because they have financial problems. Most firms produce consumer or capital products which are controlled in terms of quality and cost, so that both of these parameters allow a comfortable position of their products in terms of competitiveness.

In 1985 the so called ailing companies sold products worth 100 billion drachmas and exported products valued at 30 billion. This last number indicates the position of these products in the international competitive

markets and proves most convincingly that if ailing companies could make the necessary investments and internal management changes, they could become sound in terms of production and could produce even better products.

Question: What will the OAE course be after rehabilitation? Will the organization change in form?

Answer: The Organization for the Economic Rehabilitation of Companies, although established together with the law for ailing firms in 1983, has as its objectives--in addition to economic rehabilitation of the companies which have financial and credit problems--the following:

- a. Introduction and implementation of foreign technology, and development of domestic technology, and
- b. establishment and operation of socialized or mixed economy (public/private) enterprises.

As the premier said at the Salonica International Fair, OAE will become an investment company to play an active role in industrial development.

This means we must see OAE as an organization for economic development aiming beyond rehabilitation of ailing companies, which caused its creation. Similar agencies, created in moments of economic crisis, exist in many other countries, with a significant contribution to development and management of contemporary industry.

OAE is a public-interest corporation and its organizational structure is designed to actively help the firms it controls. At the same time it studies and prepares branch and feasibility studies for each company it manages or establishes.

As Deputy Minister Vaso Papandreou said, OAE is a prototype of a vulnerable [sic] and effective public enterprises.

Question: What about their employees?

Answer: The most significant problem in the process for rehabilitation of enterprise is reduction in the number of employees, which is primarily the result of the modernization/automation of mechanical equipment.

Another reason for force reduction is a cut down in the enterprise's product output or in price changes for such products in the market place.

OAE's aim is to avoid creation of new jobs rather than to eliminate those which already exist. However, it appears that in the first stage of rehabilitation and stabilization it will be necessary to have a small reduction in force in a few enterprises, either because the number of employees is considered excessive in relation to total output and competition indices,

or because of significant investments for modernization and automation.

In any event, all economic and social elements are being examined so that any personnel changes in a company will not cause insurmountable problems in the economy of a specific region.

The OAE view is that this reduction in force will soon be followed by a recovery which will create many more jobs.

7520

CSO: 3521/194

BRIEFS

TECHNOLOGICAL COOPERATION WITH EAST GERMANY--Mork, the minister of Electronics and Electrical Technology of the Peoples' Republic of Germany, Natsinas, the Greek minister of Industry, Energy and Technology, and Deputy Minister Vaso Papandreou, yesterday discussed questions of energy and telecommunications' technology and increased cooperation between the two countries in these fields. More specifically, they discussed possibilities for cooperation in the area of telecommunications' technology and industrial production of such equipment. The Greek side expressed interest in the participation of Greek enterprises in absorbing the related technology and in producing some of the products in Greece. Yesterday, Mork met with Mavrakis, the president and chief executive of the Public Power Corporation. During the meeting they signed a contract for procurement of high-tension transformers for 400 KV lines, valued at approximately 170 million drachmas. [Text] [Athens I KATHIMERINI in Greek 25 Jun 86 p 7] 7520

CSO: 3521/189

SAAB DIRECTOR DEFENDS DRAGEN JETS SOLD TO AUSTRIA

Vienna PROFIL in German 30 Jun 86 pp 12-14

[Interview with Harald Schroeder, director general of SAAB, by Helmut Voska: "We Were Not Invited to the Dragen Presentation"; date and place not given]

[Text] PROFIL: Mr Director General, you hold a valid contract in which the Republic of Austria agreed to purchase 24 interceptor fighters from SAAB. Austria's new defense minister, Helmut Kruenes, has now publicly stated that the obligations guaranteed by SAAB could not be adhered to under the circumstances. In this case, the contract would have to be reexamined. Cryptically, Kruenes added: "I would then see fascinating possibilities and variations." This can only mean that Frischenschlager's successor can visualize abrogating this business transaction with you which is worth billions. What do you say to this?

Schroeder: I understood the testimony by your new defense minister differently. He wants to and must inform himself intensively with regard to the Dragen contract so that he would know what is involved. In Austria, there have, in the meantime, been many discussions regarding this contract. But Minister Kruenes will certainly be able to stick with this contract once he has informed himself.

PROFIL: In the event that you actually cannot do what you promised in your contract with the Republic of Austria, can Austria then abandon this transaction readily?

Schroeder: We will do everything we promised.

PROFIL: Should Austria abrogate this contract for some other reason, possibly on account of internal political motivations, are we then obligated to pay a penalty?

Schroeder: This contract cannot be so easily abrogated.

PROFIL: What would you do if the new minister should decide not to buy any Dragen aircraft and not to remit any money?

Schroeder: This is a totally hypothetical question I find. I exclude such a procedure on the part of the Austrians. I consider it to be impossible.

PROFIL: The Austrian People's Party member of the Defense Council, delegate and defense spokesman Prof Felix Ermacora told us specifically: "I believe that a withdrawal is completely thinkable according to the contract law and could also be accomplished without penalties.

Schroeder: I do not know how Professor Ermacora could arrive at this juridical interpretation. I can only assure you that the contract contains no such withdrawal clause.

PROFIL: You sell your products throughout the world. You have sold interceptor fighters to Denmark and to Finland. Have you already had experiences with any of your contract partners which are similar to those currently being made with Austria: first to sign contracts and then publicly discuss whether one could not breach them?

Schroeder: In my long years of service I have never experienced anything like this.

PROFIL: Could it be that the compensation transactions which were agreed upon with you and which are valued at 3.2 billion schillings might not come about at all or be reduced? Then Austria would have a morally legitimate reason to not adhere to the second part of the contract.

Schroeder: The purchase contract and the barter contract are two separate contracts. One contract covers the purchase of Draken aircraft. And a second contract regulates barter transactions. Each of these contracts has its own conditions. The contract covering the barter transactions contains a clause which obligates us to pay penalties should we fail to achieve the agreed-upon volume of the transactions.

PROFIL: But the Draken and the barter contract are closely associated with each other. Austria cannot purchase these aircraft at all without the barter transactions.

Schroeder: We are firmly determined to adhere precisely to both contracts. I also do not understand the excitement in Austria: We have already accomplished 10 percent of the barter trade after only 7 months. And, as you know, the barter transaction contract extends over 10 years.

PROFIL: The Austrians have demanded a compensation value of at least 100 percent. You guaranteed 130 percent. Is this any kind of business transaction for you?

Schroeder: Yes, 130 percent was requested and we guaranteed that. All of these barter transactions stand under a commercial point of view: All business transactions must be healthy and no subsidies are to be provided. We want to find a good economic solution for all participating firms.

PROFIL: You did not answer my question: Is the sale of Draken aircraft at a 130-percent rate of compensation any kind of business for your side?

Schroeder: Yes. Austria is that country, apart from Sweden, to which we delivered more aircraft than any other. In other words, we have a good cooperation with the Austrians over a period of more than 20 years. And we are attempting to see to it that Austria remains a purchaser of our aircraft even in the next decades. In other words, we are investing in our own future with the current contract. We are currently developing the new model JAS-39 Gripen aircraft and hope that we can also sell this aircraft at a later time to Austria. I believe I know from conversations with Austrians that they also have an interest in these aircraft.

PROFIL: What significance would it then be for you and your firm should the Draken transaction involving Austria not come about?

Schroeder: We have sold a total of 601 Draken aircraft, 24 of them go to Austria for 2.4 billion schillings, divided over some 4 years. Last year we had a turnover of more than 7 billion schillings. So you see: for us it is a significant but not a sensational giant business transaction.

PROFIL: In a strictly confidential memorandum of the Defense Ministry, it specifically states that there are several provisions, which are guaranteed by the contract, which you cannot meet.

Schroeder: We are familiar with the essential contents of this strictly confidential memorandum from reading it in PROFIL. But we cannot take a position with respect to it for reasons of official requirements to maintain secrets.

PROFIL: We Austrians cannot understand all this secrecy stuff. You must surely be able to answer the question whether the Draken can achieve the maximum speed of Mach 2.0, as listed in the contract or whether it can achieve a maximum velocity of only Mach 1.2?

Schroeder: We will meet the requirements listed in the contract. The Mach 1.2 figure is false. As early as January 1960, the Draken flew at Mach 2.0. It all depends on the altitude at which it flies. It is true--but that is a law of nature--that at a low altitude the Draken does not attain Mach 2.0, as do no other aircraft.

PROFIL: In other words, the maximum speed of Mach 2.0 at an ideal external temperature of -30° C, which is given in the contract, is theoretical and practically unattainable?

Schroeder: That is not true, but this velocity is achievable only at altitudes of over 10 km.

PROFIL: The takeoff and landing performances as listed in the contract are also not achievable in practice.

Schroeder: When we delivered the Draken to Denmark, we tested the takeoff and landing performances there exactly. And there they functioned. I do not understand why something should not work in Austria which worked in Denmark.

PROFIL: I could explain this to you, but I would have to reach further. The fact is that Austrian pilots say they cannot meet the conditions listed in the contract with this equipment.

Schroeder: Six hundred aircraft are meeting these conditions for 20 years. I cannot say more on this and I do not understand the Austrian reservations.

PROFIL: For Austria, this question is of imminently political significance. You know that some 240,000 signatures were collected in Steiermark against the stationing of the Draken. The environmentally conscious population fears the immense noise caused by these birds. The shorter the runway, the louder the noise made by the Draken.

Schroeder: Yes, that is correct. But we developed the Draken with the goal of being able to take off and land on quite short runways in the event of war. In the event of war it is supposed to even be able to land on highways. We demonstrated Draken takeoffs and landings on 600-meter runways at Uppsala for the Austrians--performances which can be achieved under good conditions.

PROFIL: The Austrian test pilots determined that fuel consumption is much higher than that listed in the contract. Under normal conditions it is around 5,800 liters per hour.

Schroeder: This is an extreme value. Naturally, one can use the maximum quantities if one is constantly using the afterburner. That is also a law of nature. In this respect the Draken does not differ from any other interceptor fighter. If one increases thrust by 50 percent, fuel consumption will be greater. If one flies at 11,000 meters altitude at Mach 0.9, then fuel consumption per hour is about one-fourth of this quantity.

PROFIL: Also, the "service ceiling" is not attained with the Draken. Instead of 18.3 km, your pilot can only rise to around 15 km.

Schroeder: We are meeting the service ceiling requirements and have attained an altitude of 18.3 km and more. But generally I must say: pilots and technicians can argue for hours about these specific questions. In a newspaper interview this is not possible.

PROFIL: I believe you. Only: not all Austrian voters and citizens are pilots or engineers; nevertheless, they must pay billions of schillings for this equipment and, thus, have the right to be informed. Surely as a Swede you will understand that.

Schroeder: I am in full agreement with you. But there is the difficulty that we cannot show you everything the Draken can do. We are subject to strict secrecy regulations of the Swedish and Austrian authorities. We are handicapped in the presentation of our product in this regard.

PROFIL: The Bundesheer study says: on the basis of the aerodynamic design of the Draken--a delta-wing aircraft without horizontal stabilizers, the required banking radii at higher velocities are too great. The maneuverability of the aircraft in support of interceptor roles is, thus, limited.

Schroeder: Every aircraft is a compromise. There are very fast one and there are very maneuverable aircraft. The former are less maneuverable, the latter are less speedy. We can say that the Draken is at least as good as all other aircraft available to make a choice. And as a delta configuration, the Draken can stand every comparison.

PROFIL: Is it true that landings at Zeltweg can be accomplished only with weight-reduced aircraft and only in good weather?

Schroeder: I am not precisely familiar with Zeltweg, but we believe that any operational flight is also possible at Zeltweg if the runway is lengthened from the present 1,600 meters to 2,050 meters and that flights are possible under all weather conditions.

PROFIL: In Graz the Draken could land in bad weather conditions only with the support of radar. A normal instrument approach is not possible because of the excessively high maneuvering velocity.

Schroeder: That is completely wrong. The Draken requires no other conditions than the SAAB-105, which has been flying in Austria for years.

PROFIL: With the necessary auxiliary tanks, the Draken can stay in the air only for about 25 minutes during an intercept deployment and has approximately 7 minutes of reserve. This no longer makes it possible to fly to an alternate airfield.

Schroeder: This presupposes a completely unrealistic flight procedure, regardless of the aircraft model. During a normal identification flight, the Draken can remain in the air significantly longer.

PROFIL: Takeoffs are only possible with the use of afterburners. The angle of climb after liftoff is initially very flat.

Schroeder: It is completely possible to take off without the use of afterburners and it is also done that way. But for safety reasons, takeoffs with the use of afterburners are recommended.

PROFIL: The normal landing approach--in other words, 3° of slope--is only possible with high power plant performances because of the great resistance at low velocities and for reasons of noise and safety problems.

Schroeder: The opposite is true. We propose high rpm's during the landing approach. With high rpm's, safety is at its maximum.

PROFIL: Because of the critical flight behavior of the Draken, the selection requirements and the training costs with respect to pilots are extremely high. The aircraft is not suitable for militia pilots. Is that correct?

Schroeder: We also have militia pilots in the Swedish Air Force. Why this should not be possible in Austria I do not understand.

PROFIL: The listed avionics components are said to be up to the technical standards of the early 1950's. The radar equipment is from former Draken generations and is only installed in aircraft destined for Austria worldwide. Finnish and Swedish Drakens have a further developed radar.

Schroeder: There are differences between the Finnish and the Austrian Drakens. But the reasons are the same: The difference between the Finnish and Swedish Drakens stems from the fact that other weapons, in this case guided missiles, are also mounted.

PROFIL: Finally, the Defense Ministry study says: the flight performance data presented to the Defense Council were producer data which are likely to be strongly exaggerated.

Schroeder: We do not know what was presented to the Defense Council.

PROFIL: Austria also had the opportunity of purchasing the British Lightning instead of the Swedish Draken. How does the Lightning differ from the Draken?

Schroeder: With two power plants it could have been faster although it would consume more fuel and develop more noise. But there are a series of important characteristics which a good aircraft must possess. We consider the Draken to be the best aircraft for the intended missions.

PROFIL: And the Northrup?

Schroeder: It has lower performance characteristics in the supersonic area and higher maintenance costs.

PROFIL: The Austrian pilots who are currently being trained in Sweden are not flying the D version. This aircraft, which was built in the series 1963 through 1965, is mothballed and must first be made ready for takeoff. A practical testing was impossible until now. One pilot trainee on home leave said: "We have bought the Draken in a sack."

Schroeder: The Austrian pilots are flying the F version which is very similar to the D version. In their flight characteristics, both versions are completely equal. Both versions differ only with respect to their armaments.

PROFIL: Why did you not demonstrate your product in Austria?

Schroeder: We would liked to have done that. But we were not invited to do so.

PROFIL: In Austria it is said that you hesitated to demonstrate the aircraft in Austria. You did demonstrate it in Switzerland.

Schroeder: We did not hesitate. The Austrians never asked us to demonstrate.

PROFIL: Would there be consequences for you personally and for your firm if Austria were to abrogate the agreement, no matter for what reason?

Schroeder: Yes, of course. The planning for rearming this aircraft is in hand, the people are in place, they are working, modifications are being made. We are in the middle of retooling.

PROFIL: The largest Swedish newspaper, EXPRESSEN, quoted Austrians as having made trade-damaging statements: "SAAB is swindling us. Austria is hesitant to pay for the Draken transaction." What do you say to this?

Schroeder: Yes, that is not understandable. Such attacks harm our reputation.

PROFIL: If things got serious, would you sue the Republic of Austria for damages?

Schroeder: This question can only be answered in the event things got that far. We sold a good aircraft to Austria under favorable conditions and I believe that cooperation will continue to function in the future. I had not expected that a fundamental discussion with regard to a contract which has already been signed would suddenly begin.

PROFIL: Precisely "Austrian"?

Schroeder: You're the one that said that.

5911

CSO: 3620/749

NAVY SEEN HAVING OVERSPENT READINESS FUNDS

Copenhagen AKTUELT in Danish 27 Jun 86 p 7

[Article by Ole Lorentzen: "On Collision Course"]

[Text] Christiansborg--Peacetime readiness in the Navy is very high and the activity level is proportionally much higher than it is in the other two service branches. The Navy now owes the force of 8,400 men no fewer than 48,000 days off due to the high activity level which has made it impossible to grant leave.

This corresponds to 240 fulltime people working for a whole year and will cost the Navy 48 million kroner.

Social Democratic defense policy spokesman Knud Damgaard does not understand why the other two defense branches, the Army and the Air Force, have gone along with the Navy's excessive use of funds.

"The Navy is maintaining a peacetime readiness that is impossible within the current economic limits for the defense system," Knud Damgaard told AKTUELT.

The Navy's fixed wage costs for a year amount to 1.3 billion kroner. Variable expenses for overtime, etc. were estimated at 164 million kroner in April 1986.

For purposes of comparison, the Army's fixed wage costs are 2.9 billion kroner and its variable expenses are 191 million. But the Army has a peacetime force of 20,400 men compared to the 8,400 in the Navy.

At the same time the Navy's fuel costs and other operating expenses are also higher than the Army's. While the Army spends 45 million kroner on fuel and has other expenses totaling 91 million kroner a year, the corresponding figures for the Navy are 93 million and 169 million kroner.

"The figures show that the Navy uses a much larger share of the defense budget in relation to its size," said Knud Damgaard.

Can't Use Tanks

He said that right now the necessary contracts cannot be signed with enlisted men to man Army tanks because there is not enough money available.

"All the leading officers in the Army agree that an enlisted man who will work as a tank driver should have a 3-year contract if the Army is to get any real use out of him. But that costs 74 million kroner and the Army cannot come up with that amount just now. It is crazy if the Army has to stop using tanks because the 3-year contracts that are needed cannot be signed," said Knud Damgaard. He said that the Navy's peacetime activity must now be adjusted to a realistic level.

6578

CSO: 3613/167

HOME GUARD PLAN SEEKS INTEGRATION OF WOMEN'S UNITS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Jul 86 p 1

[Article by Nils Eric Broesgaard; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The perspective plan recommends equal treatment of men and women: the Women's Army Corps, the Women's Navy Corps and the Women's Air Corps will no longer be separate entities but will be merged with the men in the Home Guard.

The women's corps in the Home Guard should be abolished. That is one of the most important and most controversial points in the Home Guard's "Perspective Plan 2000," which has now been sent out for review.

The three groups involved are the Women's Army Corps, the Women's Navy Corps and the Women's Air Corps. The perspective plan directly proposes that the voluntary women's corps become part of the male Home Guard, adding that "there should be equal treatment of men and women, the organization should be simplified as much as possible and uniform membership conditions should be created for all personnel."

The draft of the perspective plan stresses that the Home Guard Act of 1961 urged that men and women in the Home Guard be treated as equally as possible.

Liberalization has taken place since then so that more and more functions can be handled by women, but full equality has not been achieved. For example women can not stay overnight on Navy Home Guard ships.

The Equal Opportunities Commission, which was also consulted about the perspective plan, felt that the same rules should apply in the armed forces as in the voluntary corps, in this instance the Home Guard.

It was also said that "it should be possible to use men and women on equal terms to carry out functions in all Home Guard posts. Women's corps units should be merged at the district level with corresponding male units in order to make sizable cuts in administration possible.

"This will enable better utilization of the limited resources available and some of the training can be carried out jointly."

6578

CSO: 3613/167

MINISTER SAYS REDUCTION IN MILITARY SERVICE POSSIBLE

Athens TA NEA in Greek 19 Jul 86 p 3

[Text] A reduction in military service is possible, with the reforming and extending to the navy and air force of the institution of (volunteer) soldiers with a 5-year enlistment.

This emerges from an answer given by the deputy premier and minister of national defense, Giannis Kharalambopoulos, to a question by the deputies Kappos, Sakhinis, Korakas, and Maria Damanaki of the KKE on the issue of reducing the time of service and improving the living conditions of enlisted men.

Referring to the institution of soldiers with a 5-year enlistment, Kharalambopoulos stresses: "At the same time, we have begun implementing Law 1513/85, which provides for the enlistment in the land army of 5,000 extended-service volunteers, and we are studying the reforming and extension of this law to the navy and air force--something which is a prerequisite before any thought can be given to a further reduction in terms of service."

Mr Kharalambopoulos states that the period of service is a function of defense needs, and he gives an enumeration of the measures for reducing service for various categories of conscripts because of social considerations (married men, supporters of families, and so forth). He states further that actions have been taken for improving the life of the enlisted men (recreation, free time, and so forth), and finally that a new law on recruitment is being prepared.

12114

CSO: 3521/193

OFFSETS IN MILITARY PURCHASES DESCRIBED

Athens TA NEA in Greek 28 Jun 86 p 8

[Article by Loukas Dimakas]

[Text] The decision on the purchase of 80 new combat aircraft for the needs of the armed forces had been characterized as--and is--a "political" decision.

Also "political" was the intention to obtain the maximum percentage in offsetting benefits which would arise for the Greek economy from the specific purchase: And the level reached by these offsets--100 percent on the American F-16's and 80 percent on the French "Mirage 2000's"--influences but does not guarantee the magnitude of the economic results.

And this is true regardless of the fact that contracts have already begun to be signed in which the amount of the expenditure will be returned to Greece, and regardless of the incorporation of penal clauses in cases of "backing out."

The utilizing of the possibilities of the two agreements for the sake of offsetting benefits could be--and is--the chief "political" act, but it is unavoidably a part of a strategy of development along with tactical economic objectives. A policy whose utilization and projection onto the economic plane will be the "steam-engine that will pull the Greek economy to another level."

As we have said, necessary but not sufficient conditions for this are the agreements that were signed ("Mirage 2000's") or will be signed (F-16's). And the elements that strengthen the uncertain "suspense" are our given experience from the course taken up to now in the materialization of other agreements on purchases of defense material.

But let us look at these elements (which are being published exclusively by TA NEA), which show vividly the "policy" of the "other" contracting party (a different one each time).

(The first column gives the supplier company and in parentheses the material being purchased, in the second column is the total value of the offsets that have been secured, in the third the period in which they must

be realized, and in the fourth the percentage of meeting these offsets up to now). To fix the boundaries of this "issue" somewhat, it is worth noting the 89 percent of the amount of offsets that has been met in the agreement on the "Leopard 1," and the cases where the "benefits" have not begun, yet, to flow.

(1)	(2)	(3)	(4)
RAYTHEON (electronic warfare equipment)	\$910,000	1979-90	50%
CONTRAVER (air defense systems)	5.9 billion drachmas	1981-87	22%
KRAUSS MAFFEI ("Leopard" tanks)	2.7 billion drachmas	1981-88	89%
FMC (personnel carriers 1113)	169 million drachmas	1982-89	35%
BMV (M 109 firearms)	513 million drachmas	1983-90	30%
FMC (113 A2 vehicles)	169 million drachmas	1983-89	35%
BMV (M 109 firearms)	832 million drachmas	1984-90	18%
BREDA-NARDI (helicopters)	141 million drachmas	1984-87	0
BMV (assorted firearms)	104 million drachmas	1984-91	15%
EMERSON (missiles)	77.1 million drachmas	1984-89	0
FMC (armored cars)	69.2 million drachmas	1984-89	0
OEC (periscopes)	67.2 million drachmas	1984-89	0
ELSAN-SELENIA (ship modernizations)	343 million drachmas	1985-88	0
BMV (fire control centers)	\$2.8 million	1985-95	0
OTO MELARA (firearms)	151.9 million drachmas	1985-88	0
GTE (electronic warfare equipment)	\$3.4 million	1985-1991	0

These are in agreements whose percentage of offsetting benefits range from 12-30 percent (in the "sale of the century" they are 80 and 100 percent).

Certainly any company passing off the non-meeting of the percentages as a "technocratic" (or "technological") "impossibility" will be pulling the wool over our eyes.

In actuality, it will be a political decision on the part of the seller and a political weakness on the part of the buyer.

And of course, the "battle" which commenced recently on the signing of agreements with French companies (with a subsidiary of the ETVA [Hellenic Industrial Development Bank] and the EAV [Greek Aircraft Industry]), and which they will continue with other (including American) companies, is also political--and as such its terms ought to be defined.

12114

CSO: 3521/193

LABOR PARTY MP IN DEBATE: NATO EXERCISES PROVOKE USSR

Oslo AFTENPOSTEN in Norwegian 30 Jun 86 p 3

[Article by Hans C. Erlandsen]

[Text] Runde, 28 June--"The American naval strategy is provoking the Soviet Union in the north and is resulting in an increased Soviet arms buildup." This was stated by member of parliament Marit Nybakk (Labor Party) during a panel debate in Runde last weekend. Her colleague in parliament, Leiv Blakset (Center Party) disagreed totally. He said that many people believed NATO should become more visible in these regions.

The debate took place on the bird sanctuary Runde, where the organization "No to Nuclear Weapons" is meeting for the fourth consecutive year. The motto of the meeting was: "The puffin--not the cruise missile--shall fly low over the waves of our seas!" But with dead calm and fog around Runde, there were neither waves nor puffins to be seen.

Member of parliament Theo Koritzinsky was dissatisfied with the security policy of the Labor Party government, compared to that of the Willoch government. "It is only a matter of minute differences when it comes to practical policies." He predicted defeat for an SV (Socialist Left Party) proposal now in parliament that would require ships visiting Norwegian ports to declare themselves nuclear-free. "The words will be different, but the Labor Party representatives will vote with the nonsocialists," the SV leader said.

Permanent NATO Presence

A rapid buildup of the Soviet fleet began during the early 1970's. While the two socialist representatives in the debate placed most of the blame on the United States and NATO for today's tension in the north, Leiv Blakset was clear in his assessment.

"The northward shift in the location of a possible conflict was caused by the increased Soviet naval activity," he said.

When asked whether or not NATO should maintain a permanent presence in the area, he answered affirmatively: "I experienced the occupation of Norway,

which was carried out with little difficulty. The reason for that war, to a great extent, was the military imbalance. We must learn from that. Blakset also expressed fear that the Soviet Union would shift its front lines farther and farther to the south, so that eventually the Norwegian coast would be behind Soviet defense lines.

Marit Nybakk told AFTENPOSTEN that she supported NATO's military measures to secure supply lines across the Atlantic. "I believe Norway should work to convince NATO to abolish the doctrine of a possible first strike with nuclear weapons," member of parliament Kjell Furnes said. He did not wish to present a timetable for such a change in strategy, but said it should occur as soon as possible.

9336

CSO: 3639/129

NIKE BATTERY MEN OPPOSE PLAN TO REPLACE WITH HAWKS

Oslo AFTENPOSTEN in Norwegian 26 Jun 86 p 64

[Article by Olav Trygge Storvik]

[Text] Reorganizing NIKE battalions to equip them with HAWK missiles, as the military leadership wants to do, is the same as closing down the Air Force in South Norway, according to Captain Gunnar Bjornstad. He is a representative of the Norwegian Officers' Association at Camp Linderud and spokesman for the officers of the NIKE battalion. In a press release issued yesterday in response to the military's plans, Bjornstad also stated that the NIKE was the most modern long-distance air defense system available and that, at the moment, it was impossible to replace this system.

Those were extremely strong words. We asked Bjornstad if he really meant them.

"Yes, that is what we believe. We had a meeting here at Linderud today and the officers unanimously supported the views expressed in the press release. We also received communications from the various batteries and there was widespread support for our views." (According to Bjornstad, his association has organized well over half the officers of the NIKE battalion.)

"Why do you maintain that it is impossible to replace the NIKE, when the experts say that the PATRIOT system is much better in every respect? After all, it is also a long-distance air defense missile."

"I admit that the PATRIOT can replace the NIKE to a certain degree, but it is an extremely complicated and costly weapons system. In addition, the NIKE is not antiquated, as the military leadership says. It has undergone modernization several times in recent years and, as things stand today, it is a highly modern weapons system."

Why, then, is country after country turning away from the NIKE and investing in other weapons systems so that, several years from now, the only countries still using that type of missile will be Turkey, Greece, and Norway?

"I cannot answer that. I do not know to what extent business interest and politics are involved in these decisions, nor do I know the extent to which West Germany has modernized its NIKE system. In Norway, however, we have modernized to the extent that we have a highly modern system."

Political Influence

Bjornstad regrets the manner in which the defense leadership has presented its plans for reorganizing the NIKE battalion and indicates that his organization will work on the political level in order to advance what Bjornstad considers to be correct views on the development and implementation of air defenses in South Norway. "Once the politicians have decided what the priorities are to be, we will loyally follow their decisions," Bjornstad said. His association is in constant contact with the political leadership, he said, and he believes it is natural to work at this level.

In 1980, too, the military leadership advocated closing down sections of the NIKE battalion. According to the military evaluation at that time, the financial resources used to modernize the NIKE system would have a greater effect if used, instead, to reorganize the battalion. The officers' association was active in the political arena at that time, too, and the military's plans were altered at a late date by the political leadership at the Defense Ministry.

9336

CSO: 3639/129

MILITARY

UNITED KINGDOM

BRIEFS

NEW RADAR BY PLESSEY--London, 24 Mar 86--Plessey has perfected a military radar that is considerably reduced in size and weight, and that uses a new microwave system. Gallium arsenide, the new high-speed semiconductor, is used in the radar's function. Further, instead of rotating, the new radar can remain fixed in various positions while the control turns in four directions, both vertical and horizontal, each with a wide range. Through a system of computerized time checks the radar beam can be moved at very great speeds, in any direction and at any part of the horizon. This is done by energy emitted by microwaves that, in turn, are emitted by every component (of the radar system). This makes it possible to identify clearly a large number of targets at the same time. At last aircraft will no longer be able to evade radar detection by flying at low altitude. [Text] [Rome TELEINFORMATICA 2000 21-24 Mar 86 p 4] /9274

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